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**COMMISSION STAFF WORKING DOCUMENT**

*Accompanying Document to the*  
**Communication from the Commission to the European Parliament and the Council**

**The European Union and Latin America: Global Players in Partnership**

**Ten Years of Strategic Partnership EU-Latin America**

{COM(2009) 495}

*Ten years after the first Summit between the Heads of State and Governments of Latin America and the Caribbean (LAC) and the European Union (EU), which set a new political and cooperation agenda, relations between the two regions have been considerably strengthened in many fields. This document gives a brief overview of the achievements in the main fields of cooperation and relations with Latin American partners.*

## 1. GENERAL

Over the past decade, and with the support and firm commitment from the Commission, relations between the EU and Latin America and the Caribbean have been considerably strengthened. Ever since the first Summit in Rio de Janeiro in 1999, the two regions have cooperated on a joint agenda in a number of bi-regional, bilateral, multilateral and sector-specific fora on a wide range of issues.

In 2005, the Commission Communication ‘*A stronger partnership between the European Union and Latin America*’<sup>1</sup> built on the achievements thus far and helped revitalise the bi-regional relationship. The EU’s strategic objectives on Latin America that have guided action over the last decade are to:

- strengthen **political dialogue** at regional, sub-regional (MERCOSUR, Andean Community, Central America) and bilateral levels, culminating in a Summit every two years where commitments are taken in key areas of the Partnership;
- pursue **regional integration** engaging, where possible, in negotiations to conclude Association Agreements (AA) with sub-regions, and strengthen bilateral relations. **Bilateral relations** are now stronger thanks to, in particular, the successful implementation of the existing Association Agreements (with Chile and Mexico) and the establishment of Strategic Partnerships with Brazil and with Mexico. The establishment of a high-level political dialogue with Argentina is underway. The Commission is convinced that the EU should explore with other countries the possibilities to enrich the current bilateral relations
- promote **social cohesion** — or the fight against poverty, inequality and exclusion — which is a priority for development cooperation.

These strategic objectives have not changed after ten years. Nevertheless, the approach to reaching them needs to be somewhat refined in order to respond to the changing global context. This is the aim of the new Communication ‘*The European Union and Latin America: Global Players in Partnership*’ (2009)<sup>2</sup>.

## 2. BI-REGIONAL POLITICAL DIALOGUE

The EU-LAC Summit process is particularly important in implementing the Strategic Partnership. It facilitates political dialogue at the highest level, underscores the special nature of the relationship and fuels the bi-regional agenda.

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<sup>1</sup> COM (2005) 636 of 08.12.2005.

<sup>2</sup> COM (2009) xx of xx.xx.2009.

Since the first meeting in Rio in 1999, which set up the Strategic Partnership between the regions and launched the EU-MERCOSUR negotiations, four more EU-LAC Summits have taken place, each defining policy orientations for the near future.

The Madrid Summit in 2002 launched the ALBAN<sup>3</sup> and @LIS<sup>4</sup> programme and the EU-LAC Common Higher Education (and Knowledge) Area concept. The Guadalajara Summit in 2004 launched the EUROsociAL<sup>5</sup> Programme and invited Ministers concerned to design actions in the higher education field to further implement the EU-LAC Common Higher Education (and Knowledge) Area. This was implemented at EU level through the Alfa programme and specific Erasmus Mundus geographical lots for Latin America.

The Summit in Vienna in 2006 was important as it set up the EuroLat<sup>6</sup> and launched negotiations on an Association Agreement with Central America and the Andean Community. The most recent EU-LAC Summit in Lima in 2008 was a chance to coordinate positions on strategic topics that are high on the bi-regional and international agenda, such as poverty and climate change. It also introduced the initiative for the EU-LAC Foundation and launched EUroCLIMA.<sup>7</sup>

The trend in coordinating positions on strategic topics is also noticeable at other high-level bi-regional meetings, such as the EU-Rio Group Ministerial Meetings that take place every second year, alternating with the EU-LAC Summits. As such, and particularly after Cuba joined in November 2008 making its members identical to the EU-LAC process, it is perfectly placed to share the agenda of the Summit process, allowing for greater advantage to be taken of the Strategic Partnership. The most recent meeting, which took place in Prague in May 2009, focused on the current economic and financial crisis, renewable energy and energy security and climate change.

The deepening of cooperation between Latin America and the Caribbean is an important component of the EU-LAC Strategic Partnership. Various summit declarations have called for the promotion of the consolidation of relations between the EU and the wider Caribbean. Different treaties and agreements are already linking both sub-regions, such as the Amazon Treaty or the pending FTA between CARICOM and Costa Rica. Cooperation among all countries bordering the Caribbean Sea also takes place through the Association of Caribbean States (ACS) in areas such as natural disaster preparedness, tourism, transport and sustainable development. As a sign of commitment to supporting cooperation in the wider Caribbean, the Commission became an observer to the ACS in spring 2009.

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<sup>3</sup> The ALBAN Programme consists of ‘high level scholarships’ to citizens of 18 Latin American countries. Between 2003 and 2007, 3319 scholarships were awarded for training in the institutions of the EU Member States. The new cooperation programme on scholarships is now under preparation within the framework of Erasmus Mundus.

<sup>4</sup> The recently renewed @LIS programme – Alliance for the Information Society – is contributing to the bi-regional cooperation to reduce the digital divide, to extend the benefits of the Information Society to all citizens and to contribute to the social cohesion in Latin America.

<sup>5</sup> The EUROsociAL contributes to social cohesion of the Latin American countries by promoting reforms and improved public policies on education, health, administration of justice, taxation and employment.

<sup>6</sup> Euro-Latin American Parliamentary Assembly (EuroLat) was created in 2006. It brings together parliamentarians from the two regions — 75 members of the EP and 75 members of Latin American national parliaments.

<sup>7</sup> EUroCLIMA is a joint EU-LAC environmental programme in the framework of the ongoing efforts to foster bi-regional environmental cooperation with a special focus on climate change. Its objectives are: a) knowledge-sharing through a structured and regular dialogue, b) action identification and coordination and c) stock-taking exercises.

### 3. SUB-REGIONAL RELATIONS

The EU and the six **Central American** (CA) countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) enjoy a comprehensive relationship that encompasses political dialogue, a broad cooperation framework, both in scope and amounts, and a favourable trade regime (GSP+)<sup>8</sup>.

The San José Dialogue, launched in Costa Rica in 1984, has shaped EU-CA relations. Since then, the EU has made a significant contribution to peace and democratisation processes, and to socio-economic development in CA. It can claim an important historical success in that it played a key role in bringing peace and re-establishing democracy in the region in the early 1990s. A Political Dialogue and Cooperation Agreement was concluded with the sub-region in 2003.

At the Vienna Summit in May 2006, it was decided to launch negotiations on a comprehensive Association Agreement between the EU and CA that would include three pillars: political dialogue, cooperation and trade. On that occasion, CA reaffirmed its commitment to deepening regional integration, which the EU has supported for more than twenty years. Association Agreement negotiations were launched in June 2007. Since then, seven rounds of negotiations have taken place, and considerable progress has been made, nearing conclusion of the Agreement. To date, Panama remained an observer in the negotiations. Following the recent political crisis in Honduras resulting in the ousting of President Zelaya, negotiations have been postponed. It is hoped, however, to resume negotiations once the situation has normalised.

Following the EU-LAC Summit in Madrid (2002), negotiations on a Political Dialogue and Cooperation Agreement between the EU and the **Andean Community** (CAN) were launched and concluded in the course of 2003. In Guadalajara (2004), Heads of State and Government decided to launch a joint assessment exercise on regional integration to prepare for regional negotiations on a comprehensive Association Agreement containing three pillars: political dialogue, cooperation and trade. After the assessment exercise ended in July 2006, negotiations were launched in June 2007. After three rounds, negotiations stalled as the CAN member countries could not agree on common trade positions.

Whilst concluding an Association Agreement with the entire region remains a long-term objective, the Commission has proposed and the Council endorsed a new double-track negotiating approach in January 2009. This approach updates the EU-CAN Political Dialogue and Cooperation Agreement of 2003 and offers a prospect of concluding a Trade Agreement with those Andean Community countries that are willing to embark upon ambitious, comprehensive and WTO-compatible negotiations.

In recent years, **MERCOSUR** has made rather limited progress on the core aspects of its integration project, i.e. completing a customs union and common market. Negotiations on a three-pillar Association Agreement (political dialogue, cooperation, free trade area) were launched in 2000, but put on hold in 2004 due to disagreements on the trade chapter. Since then, political dialogue and high-level meetings have taken place regularly, as well as high-level technical meetings on trade, during which both parties confirmed their commitment to

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<sup>8</sup> The revised EU's Generalised System of Preferences.

relaunching negotiations when conditions allow. Meanwhile, scientific cooperation involving MERCOSUR countries accounts for more than 50% of that with the whole region.

#### 4. BILATERAL RELATIONS

Signing Association and/or Strategic Partnership agreements with Brazil, Chile and Mexico has deepened relations with these countries.

**Brazil has emerged** as a regional and even global player. The last decade has witnessed strong economic performance, sound management of public finances, political stability and fewer inequalities (although much remains to be done). The EU has recognised the new role played by Brazil in the region and in the world and has responded by launching a Strategic Partnership with Brazil in 2007. A Joint Action Plan was adopted in December 2008 to implement the Strategic Partnership. It promotes, among other things, the reinforcement of sectoral policy dialogues in a number of priority areas including science and technology, education and culture (the two latter were launched in spring 2009). The Strategic Partnership complements the bi-regional relationship between the EU and MERCOSUR and gives a fresh impulse to the already strong and comprehensive relations.

The 2002 EU-**Chile** Association Agreement was the fruit of an existing excellent bilateral relationship, which continues to develop positively. EU-Chile trade has tripled as a result of this Agreement, and the EU is now Chile's main trade partner and by far the main foreign investor. Political dialogue meetings have taken place regularly since 2003, and Chile and the EU often support each other's positions in the LAC group and at multilateral fora. This important partnership will gain political visibility through the *Association for Development and Innovation*, proposed by President Bachelet in 2008.

Relations with **Mexico** are governed by the Economic Partnership, Political Coordination and Cooperation Agreement, which entered into force in 2000. In 2008, the EU decided to grant Mexico the status of Strategic Partner, which meant joint work has commenced to prepare an executive plan with concrete actions to implement the new Partnership. Trade flows between the EU and Mexico have increased significantly since the Agreement entered into force. The EU is a major investor in Mexico, second only to the US. The main established cooperation sectors in the period 2007-2013 are social cohesion, sustainable economy and competitiveness, education and culture. These three sectors are linked to various crosscutting issues to mainstream human rights, gender issues and environmental challenges. The EU and Mexico have also established sectoral policy dialogue on social cohesion, environment, science and technology and recently education and culture. A dialogue on Human Rights is scheduled to be launched before the end 2009.

The EU and **Argentina** share a broad base of common values and interests. Social and cultural links are strong and economic relations are substantive. Bilateral relations are good and based on the **EC-Argentina Framework Agreement for Trade and Economic Cooperation**, signed in 1990. Over the past year, both Parties have made significant efforts to pursue a further qualitative improvement in the relationship. In November 2008, the EC-Argentina Joint Committee decided to develop a comprehensive Joint Work Programme and to expand the agenda of sectoral dialogue and cooperation to new areas of mutual interest. In December 2008, the EU and Argentina signed a Joint Declaration to establish a formal dialogue on Human Rights. Discussions have advanced on the terms of a Joint Declaration

with the objective of improving the structure of the relationship in different areas, also through the establishment of regular high-level political consultations.

Bilateral scientific and technological cooperation agreements with Argentina, Brazil, Chile and Mexico are another pillar through which the respective research communities come closer together and institutional and policy links get progressively stronger with positive secondary effects for cooperation in other areas and in identifying solutions to social problems, old and new. The four countries account for almost 80% of the 367 Latin American teams that participated in the Seventh Research Framework Programme (2007-2013) in the first two years.

## **5. ACHIEVEMENTS IN THE FIELD OF DEVELOPMENT COOPERATION**

Ten years after the first EU-LAC Summit that set a new political and cooperation agenda between both regions, EU external assistance to Latin America has been continuously adjusted in terms of content and form to achieve the results and meet the objectives set.

The key objective of EU development cooperation (through the European Commission and EU Member States) in Latin America has been to contribute to poverty reduction by pursuing the Millennium Development Goals (MDG). Although major progress has been made, such as increasing primary education coverage from 87 to 97 percent between 1990 and 2005, cutting infant mortality from an average of 54 deaths per 1000 live births in 1991 to 31 in 2005, social and income inequality remains a major challenge.

Since 1999, the European Commission has financed more than 450 projects and programmes accounting for more than €3 billion. Funds to Latin America have risen steadily, contributing to the promotion of social cohesion, good governance, institutional capacity building, respect of human rights, the rule of law, sustainable development, the creation of an EU-LAC Common Higher Education Area and fostering regional integration processes that have become crucial in a globalised economy.

The Commission has financed very successful national programmes in a wide range of fields. The ‘Peace Laboratory’ in Colombia which has, since it started in 2002, significantly contributed to citizens’ coexistence by defending the basic human rights of all inhabitants and promoting sustainable human development, has shown effective and viable ways to overcome conflict. In Nicaragua, the Commission has supported government efforts to manage education policies and implement its National Education Plan. In Bolivia and Honduras, it has financed several programmes in the field of natural resources management, water sanitation and river basin management.

At regional level, the Commission has also contributed to three regional integration processes in Central America, the Andean Community and MERCOSUR supporting institutionalisation and specific cross-border policies. The Commission has also designed several programmes covering the entire region. Programmes such as EUROsociAL have boosted the institutional capacity of public administrations in Latin America through awareness raising and experience sharing between EU and Latin American administrations in the field of education, justice, taxation, health and employment. ALFA is another programme that has yielded great results. Over ten years, 225 projects benefited from grants to develop institutional cooperation and scientific and technical training in higher education institutions in the EU and Latin America.

The Erasmus Mundus programme (including its specific regional and country lots) also successfully promoted cooperation and mobility between Latin American and European higher education institutions (with around 3100 mobilities since 2004). Under its "promotion" action, it further supported specific projects aiming at implementing the EU-LAC Common Higher Education Area. To better respond to the opportunities and challenges brought about by increased mobility in higher education, policy dialogue has been strengthened with Mexico and Brazil. The Commission has signed Joint Declarations with both countries and welcomed their participation in the last Bologna Policy Forum in Louvain La Neuve (29 April 2009).<sup>9</sup>

Over the past ten years, the Commission has also improved coordination with other donors in delivering and managing external aid programmes in Latin America through different sectoral round tables and information exchange mechanisms. Aid delivery methods have also been adapted, and budget support has become an essential method to promote sound public finance management and ensure greater ownership by national governments. Ecuador is an example of the success and suitability of budget support. Ecuador made efforts to create the conditions needed to be eligible for budget support and has been committed to achieving the development objectives. Delivery of aid through budget support has proved effective in achieving cooperation results and in increasing government ownership, contributing to institutional strengthening and capacity building and promoting mutual accountability.

In line with the Accra Agenda for Action, improved donor coordination and rationalisation of the practices is needed for a greater impact on the region. A number of initiatives towards a common donor' agenda in Latin America, like the Conference on Donor Coordination in Latin America organised by the Commission in December 2008, have already been taken. Further initiatives could be explored, such as periodical donor meetings to share information on ongoing and future actions and evaluate progress made in the field of coordination; creation of a network of EU national and local donor officials to participate in technical cooperation in selected sectors; identification of a pilot country for an in-depth donor coordination exercise.

## **6. HUMANITARIAN ASSISTANCE**

Alongside development cooperation, the Commission has also provided emergency humanitarian assistance to the most vulnerable populations affected by natural disasters or conflict. For instance, in 2007, humanitarian assistance was provided following the earthquake in Peru and hurricane Felix in Nicaragua, and, in 2008, in response to the floods in Bolivia and Ecuador, Honduras and Guatemala, cold waves in Peru and Bolivia and drought in Paraguay and Honduras. In addition, in November 2008 the Commission adopted as a pilot exercise, two funding instruments to respond to small-scale disasters and epidemics in the region. Furthermore, the Commission continues to provide humanitarian assistance to the victims of Colombia's prolonged internal conflict, covering emergency humanitarian and protection needs both inside Colombia and in the neighbouring countries. Since 1993, over €120 million have been allocated to respond to this humanitarian crisis.

With a view to limiting the humanitarian impact of recurrent natural disasters, the Commission's disaster preparedness programme (DIPECHO) continues to be implemented. Applying primarily a Community-based approach, DIPECHO aims at improving the

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<sup>9</sup> A Joint Statement in view of the next Bologna Forum to be held in Vienna in March 2010 is available at: [http://ec.europa.eu/education/news/news1357\\_en.htm](http://ec.europa.eu/education/news/news1357_en.htm)).



capacities of communities at risk to enable them to be better prepared for natural disasters. DIPECHO is implemented through Action Plans in South and Central America and reaches out to isolated and vulnerable communities. Under the Sixth DIPECHO Action Plans a total of 49 projects are being implemented in Central and South America.

## **7. MAIN POLICY PRIORITIES OF THE PARTNERSHIP**

### *i. Promoting regional integration*

Regional integration in Europe has contributed to peace, stability and significant economic growth. Convinced that this approach can also contribute to achieving these objectives in other regions, the EU has provided continuous support to various sub-regional integration processes for which there is decisive commitment in the countries concerned. In Latin America, the countries of MERCOSUR, Central America and the Andean Community have made remarkable progress in political and economic integration. The Caricom member countries have achieved significant integration in the context of the Caricom Single Market and Economy (CSME) and in building a regional market, in particular under the new Economic Partnership Agreement (EPA).

### *ii. Promoting social cohesion*

Promoting social cohesion is a key policy objective of the Strategic Partnership. Since the issue was launched at the Guadalajara Summit, it has acquired considerable importance and prominence. Today, social cohesion is at the top of the political agenda of practically all countries in the region. In the context of the crisis, the mutual benefits of bi-regional dialogue on issues such as developing skills to meet labour market needs, youth employment and extending social protection are quite evident. The post-2010 Lisbon Strategy for Growth and Jobs is expected to enhance the importance of the external dimension of employment and social policy.

Following the EU-LAC Vienna Summit in 2006, the first EU-LAC Forum on Social Cohesion in 2007 launched a policy debate on key employment and social policy challenges.

A major proportion of funds for Commission cooperation with Latin America has been allocated to social cohesion. Dialogue and cooperation between government authorities, international institutions and civil society has also intensified under the EUROsociAL and URB-AL<sup>10</sup> programmes. The ALFA and Erasmus Mundus programmes have triggered cooperation and exchanges in higher education. The Commission has begun constructive cooperation with organisations such as the IDB<sup>11</sup>, UNDP<sup>12</sup>, ECLAC<sup>13</sup>, the World Bank and

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<sup>10</sup> URB-AL aims at developing networks of decentralised cooperation between local authorities on topics and problems of urban local development such as drugs, environment, citizen participation, poverty alleviation, transport, safety, town planning, economic development, the information society or democracy.

<sup>11</sup> The Inter-American Development Bank (IDB) supports the process of economic and social development in Latin America and the Caribbean, and is the main source of multilateral financing in the region.

<sup>12</sup> The United Nations Development Programme (UNDP) is the UN's global development network, an organisation advocating for change and connecting countries to knowledge, experience and resources. UNDP's network links and coordinates global and national efforts to reach the Millennium Development Goals.

the IMF, which have had a major input in designing and operating international institutions and development plans in the region, notably by helping to converge views and approaches on social cohesion.

A strong commitment to trade and sustainable development, including labour standards, in the ongoing FTA negotiations and in the context of trade incentives such as GSP+ is supporting the promotion of decent work.

Community aid has reached beneficiaries in rural, urban and pre-urban areas of Latin America. The increasing support to sector programs has allowed for more frequent and regular, as well as deeper policy dialogues between LAC partners and the EU. In Ecuador, for instance, the EC contributes to social investment by improving the marginalised and disadvantaged communities' access to education through the support to the Decennial Education Plan (PAPDE). Important improvements in achieving universal basic education through the elimination of obstacles to access, the selection of 12.000 new teachers and a national alphabetisation campaign have been registered.

Bi-regional dialogues on fiscal policy have been launched, which should lead to better redistribution of income and wealth. Since 2008, two high level EU-LAC Fora on Fiscal Policies have been organised. These gave participants the opportunity to share experience and demonstrated the concrete impact of Commission cooperation in this area. For example, with Commission support, Uruguay reformed its tax system in 2007, generating increased revenue and leading to a substantial increase in social expenditure.

### *iii. Reinforcing Human Rights and Democracy Building*

The EU closely monitors the situation on human rights and security in Latin America and the Caribbean and attaches great importance to the process of continuous democracy building and peaceful democratic transition in the region. The EU holds regular discussions on human rights with countries in the region, both bi-laterally, bi-regionally and multi-laterally. For example, in 2009 the EU launched a bilateral Human Rights Dialogue with Colombia, establishing a channel for a more regular and systematic exchange of information and experience. In December 2008, a similar Dialogue mechanism was launched with Argentina, boosting bilateral relations. Discussions with many other countries in the region are based on the human rights clauses in the agreements and form part of political dialogue meetings at all levels.

Both regions have been strong proponents of building up a comprehensive body of global standards, and are the leading force behind a number of the more recent human rights instruments (e.g. Optional Protocol to the Convention against Torture, Convention on the Rights of Peoples with Disabilities, Convention for the Protection of All Persons from Enforced Disappearance, Declaration on the Rights of Indigenous Peoples). For over a decade, the two regions have jointly run the annual resolution on the Rights of the Child at the UN General Assembly. Moreover, Latin America spearheaded work to support a resolution on a moratorium on the use of death penalty, proposed by the EU.

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<sup>13</sup> The Economic Commission for Latin America and the Caribbean (ECLAC) is one of the five regional commissions of the United Nations. It focuses on the economic development of the region, with the promotion of the region's social development as one of its primary objectives.

The EU financially supports projects and programmes aiming at protecting and promoting human rights, including the rights of indigenous peoples, democratisation and non-discrimination through the European Instrument for Democracy and Human Rights (EIDHR) and the Instrument for Stability. The EU has supported the Offices of the High Commissioner for Human Rights (OHCHR) in Latin America through targeted projects, and more recently, by funding its activities. Over the past decade, the European Initiative on Democracy and Human Rights has contributed significantly to establishing the offices of the OHCHR in Colombia, Guatemala and Mexico.

#### *iv. EU Election Observation Missions*

The EU has supported the development of important electoral and constitutional processes in Latin America by deploying EU Election Observation Missions (EOMs). In **Ecuador**, for example, the EU has deployed EOMs during three consecutive elections (2007 constituent assembly elections, 2008 constitutional referendum and the 2009 general elections). The EU EOM reports and recommendations have influenced electoral reform in the countries concerned in a positive way (e.g. changing the vote tabulation system, separating administrative and judicial electoral tasks). Likewise, an EU EOM was deployed in 2006 in **Peru** to observe the presidential elections. In **Venezuela**, the Commission deployed an EOM in December 2005 parliamentary elections, and the Presidential elections in December 2006. There has been progress in the electoral process and some of the EOM's recommendations were followed. The EU has deployed several EOMs in **Bolivia** to accompany the reform process of the last years. An EU EOM was deployed in 2006 to observe the elections to the Constitutional Assembly and the referendum on regional autonomy. In 2008, the EU was one of the international observers to the national dialogue between the government and the opposition. This resulted in the adoption of a revised draft Constitution approved by referendum in 2009. As far as **Guatemala** is concerned, the EU deployed EOMs for the presidential, legislative and provincial elections in 2007. In **Nicaragua**, the EU ensured an EOM during the presidential and legislative elections in 2006 and an experts' mission at the local elections in January 2008. In **El Salvador**, the EU observed municipal and parliamentary elections in January 2009 and presidential elections in March 2009. The deployment of the EOM started in December 2008 and ended in April 2009. Final recommendations are being prepared and are likely to contribute to the improvement of the electoral system.

#### *v. Drugs*

EU and Latin American/Caribbean cooperation against illicit drugs takes place within a well-defined framework of EU's broader drugs policy. The bi-regional dialogue is conducted through the EU-LAC Co-ordination and Co-operation Mechanism on Drugs (since 1999) and through the EU-CAN High Level Specialised Dialogue in Drugs (since 1995).

The success and added value of the EU-LAC dialogue on drugs was recognised at the latest EU-LAC Summit in Lima, which called for the EU-LAC Co-ordination and Co-operation Mechanism on Drugs to be boosted. The adoption of the Rules of Procedure for the Mechanism at the last High-Level meeting in Quito in 2009 is a significant step in this direction.

Cooperation builds on mutual understanding of shared responsibility, a balanced and evidence-based approach and compliance with international law, including respect for human rights. In 2007 the EU and LAC confirmed these basic principles with the Port-of-Spain

Declaration, and materialised them in common areas of cooperation through supply reduction (e.g. PRELAC<sup>14</sup> in LAC and PRECAN in CAN projects, Peace Laboratories in Colombia), demand reduction (e.g. Twin Cities<sup>15</sup> in all LAC), alternative development (e.g. APEMIN<sup>16</sup>, FONADAL<sup>17</sup> and PRAEDAC<sup>18</sup> in Bolivia, PRODAPP<sup>19</sup> in Peru) and other drug-related issues such as money laundering and customs, police and judicial cooperation (e.g. Intelligence Sharing Working Group).

#### *vi. Migration*

Migration is a very sensitive area for both regions and they share the view that it should be managed to the full benefit of the countries of origin and destination and of the migrants themselves. At the Lima Summit in 2008, Heads of State and Government recognised the importance of migration and declared that the structured and comprehensive bi-regional Dialogue on migration should be continued, where issues of mutual concern and interest to both regions would be addressed in a constructive and pragmatic manner, and in an atmosphere of mutual understanding and respect. The aims of this Dialogue are to identify common challenges and areas for mutual cooperation, to build a stronger evidence base for EU-LAC migration to better understand its realities, based on the principle of shared responsibility, and to boost the resolve and willingness to discuss migration issues in both regions.

In December 2008, the EU Council of Ministers confirmed this, concluding that the modalities for a Structured and Comprehensive Dialogue on Migration decided at the EU-LAC Lima Summit should be examined as soon as possible. On 30 June 2009, the EU-LAC Structured and Comprehensive bi-regional Dialogue on Migration was formally launched in Brussels. The first high-level EU-LAC expert meeting in the framework of the Dialogue was held on 25 September 2009 under the Swedish Presidency and addressed issues related to migration and development.

#### *vii. Climate Change and Energy*

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<sup>14</sup> Prevention of the Diversion of Drugs Precursors in the LAC (PRELAC) seeks to strengthen the capacities of the national administrative control authorities of selected countries within Latin America and the Caribbean to prevent the diversion of precursor chemicals. PRELAC builds partially upon the achievements of a predecessor EC project 'Prevention of the Diversion of Chemical Precursors for the Scope of Drug manufacturing in the Andean Countries' (PRECAN), and extends the geographical scope to other countries in Latin America and the Caribbean.

<sup>15</sup> The objective of the Twin Cities project is to improve policy decisions at city level on the quality and coverage of drug treatment, rehabilitation and harm reduction for populations in the EU and LAC.

<sup>16</sup> APEMIN (an EU-funded programme for small-scale mining in Bolivia) provides technical assistance and financial support to small-scale mining operations in Oruro, revitalising the local economy and consequently reducing migratory flows to areas of illegal coca cultivation.

<sup>17</sup> FONADAL aims at supporting development of sustainable livelihoods, social infrastructure and strengthening of local authorities.

<sup>18</sup> PRAEDAC is an Alternative Development Programme in the Chapare region, which aims at modifying production patterns of illicit coca crops, providing alternative productive activities, strengthening State presence and social infrastructure building in the region and improving alternative subsistence opportunities.

<sup>19</sup> PRODAPP (Programa de Desarrollo Alternativo Pozuzo-Palcazú) is an alternative development programme, whose objective is to support the Government of Peru in its programmes for poverty reduction and illicit crops prevention, and enhance local and regional management capacity for better implementation of local development plans.

Climate change and access to energy resources are common interests for the EU and Latin America. Many of the climatic shocks that are to hit the region are largely inevitable. Fortunately, sound adaptation policy is broadly congruent with sound development policy. Examples include action to improve the region's natural resource management systems and incorporate climate-related threats into the design of long-term infrastructure investment. Provisions that promote sustainable development have become an integral part of all agreements the EU currently negotiates with countries in the region. In 2007, the European Commission, together with Brazil and the United States, was among the initial founders of the International Biofuels Forum proposed by Brazil, which aims at discussing the sustainable production of biofuels and now also comprises China, India and South Africa as participating countries.

In addition to adaptation policy, there is a strong case for Latin America to play an active role in broader action to mitigate climate change. Given its past record of low-carbon development, its wealth of natural resources, and its intermediate levels of income, many Latin American countries are well placed to take a leading role in the developing world's response to the challenge of climate change. Adopting a low-carbon development path would also benefit the region's long-term competitiveness since the world's technological frontier is moving in the direction of these technologies.

Climate change adaptation and clean energy policy have been at the centre of the Rio Group/LAC - EU contacts since the Lima Summit in 2008. On that occasion, the Commission presented EUroCLIMA, an initiative aiming at expanding climate change networks and capacity in Latin America. Since the end of 2007, authorities from both Rio Group/LAC and EU have exchanged views on the topic, but Rio Group /LAC's position on international efforts to limit emissions (mitigation) and adapt to unavoidable impacts (adaptation policy) are rather diverse. This means their group position is often based on the lowest common denominator.

#### *viii. Research and Development*

Much has been achieved over the last decade in the 'knowledge triangle' linking education, science and technology (S&T), and innovation. On average, Latin American countries have increased the average level of schooling from about four years in 1999 to around seven years now. The international web of science shows increases in scientific and technological output measured through numbers of publications of international standing, including very significant percentages of co-publications with Europeans. Interesting results have been achieved by national and sub-regional work to enhance innovative practices and strengthen the link between knowledge production, learning and use of knowledge in private and public sectors.

The interconnection through the ALICE Project (co-financed by the @LIS Programme) of RedCLARA (that links national research and education centers throughout Latin America with the pan-European GEANT2 network) has provided a major cooperation tool to research communities of Europe and Latin America.

This network has triggered not just high-level cooperation among EU and Latin American researchers in general, but also supported specific collaboration initiatives in several scientific fields (e.g. on GRIDs, cosmic rays, astronomy, etc.).

On the other hand, underinvestment in agricultural research and development (R&D) in lower-income countries is increasingly viewed as one of the reasons why they slip further behind their middle-income neighbours.

There is agreement that, overall, this is a key area to unlock the development and innovation potential of Latin America and is one of the most promising areas for cooperation, cutting across several policy areas and instruments. S&T cooperation increased considerably over the last 10 years, not only with the four countries that have bilateral S&T cooperation agreements with the EU (Argentina, Brazil, Chile and Mexico), but with the region as a whole. Several actions in the area of e-infrastructures have provided tools to foster research cooperation between Latin America and Europe. RedCLARA, the first regional research and education network for Latin America was created and interconnected with GÉANT2 (the advanced pan-european research and education network) thanks to the ALICE and ALICE2 projects (co-financed by the @LIS Programme). In addition, the EELA and EELA2 projects (e-Infrastructure shared between Europe and Latin America) are providing researchers in Latin America access to high capacity grids and distributed computing facilities.

Furthermore the recently established Strategic Forum (SFIC) for International Cooperation will contribute to enhance coordination and consistency between Member States' and the European Community's science and technology activities with the Latin America countries.

Moreover, cooperation schemes focused on capacity building and institutional cooperation strengthening between universities and other operators in the knowledge industry, such as ALFA, ALBAN, ERASMUS Mundus, Jean Monnet, Marie Curie Actions, Youth in Action, etc., have all made substantial contributions. The European Institute of Innovation and Technology (EIT) aims at capitalizing on the innovation capacity and capability of actors from higher education, research, business and entrepreneurship from the EU and beyond through the creation of highly integrated Knowledge and Innovation Communities (KICs).

#### *ix. Trade and Investment*

As in other regions of the world, the Commission has promoted trade and investment in Latin America as a key factor for sustainable development. It has done so by promoting trade and investment, not only by negotiating comprehensive trade agreements, but also by unilateral action, such as facilitating access to the EU market through the generalised system of preferences and customs duty exemptions. The online 'Export HelpDesk' service provides information about opportunities and requirements for accessing the European Market.

At multilateral fora, the two regions continue to pursue common objectives. As stated in the Madrid 2002, Guadalajara 2004, Vienna 2006 and Lima 2008 EU-LAC Summit Declarations, successfully concluding the Doha Development Agenda in the framework of the WTO remains high on the list of priorities. The Declarations stress the importance of reaching an ambitious, comprehensive and balanced outcome, which would serve as a major opportunity to liberalise trade further through increased market access and improved WTO rules. It would also enhance effective integration and full participation of developing countries in the multilateral trading system in a safe, stable and equitable environment for trade and investment.

The EU is Latin America's second largest trading partner. There has been a noticeable increase in trade between Latin America and the EU, particularly during the last decade, resulting in trade figures that more than doubled between 1990 and 2006.

Over the last twenty years, European businesses have invested heavily in Latin America, making EU the biggest investor in the region. Nevertheless, the investment potential in Latin America is still great. This is particularly so in strategic sectors where European excellence has proved its mettle, such as information and communication technologies, the aerospace and automobile industries, engineering and metal-working, energy, the environment, infrastructure and transport. European scientific research is also at the cutting edge in many sectors and has everything to gain from developing the considerable potential of existing expertise and know-how in Latin America, for instance in the areas of biotechnology (biofuels), aeronautics and health. The presence of European businesses in Latin America is a source of growth and employment and can help reduce social inequalities. It encourages know-how and technology transfer, and offers outlets to local businesses (sub-contracting). The AL-Invest Programme set up by the Commission allows firms in both regions, particularly small and medium enterprises (SMEs), to sign trade agreements and take advantage of technology transfer.

The Commission is identifying further instruments to facilitate investment in infrastructure, which is crucial for competitiveness. Major financial gaps have been identified and Commission funding can substantially contribute to this end, helping to attain faster sustainable growth and equitable socio-economic development in Latin America.

#### *x. Intervention under the Instrument for Stability*

The EU has also intervened under the Instrument for Stability (IfS). In **Peru**, for example, the Commission provided support to the Government for rehabilitation and reconstruction in areas affected by the 2007 earthquake. The intervention aimed at promoting socio-economic stability, in particular sustainable recovery of critical infrastructure, livelihoods and income generation assets. Also in Peru, the EC has financed projects to boost government capacity to prevent social conflicts and violence.

In **Colombia**, the EU has closely followed the process of demobilisation, disarmament and reintegration of AUC paramilitaries under the 'Justice and Peace Law', Colombia's legal framework for transitional justice. The Commission is supporting the Justice and Peace Process through its cooperation programmes, including funding under the Instrument for Stability, which supports victims of the conflict in their quest for truth, justice and reparation.

Funds from the Instrument for Stability have also been used to finance a comprehensive coca leaf study in **Bolivia**. The activities include, *inter alia*, the national household survey on legal coca demand as well as a survey on coca productivity in different production zones. Besides, the IfS is financing a programme in support of democracy and political dialogue in that country. The Programme includes a series of measures to assist the organisation of elections and promote non-violent dialogue between social and political actors, in close coordination with EU Member States and other donors involved.

A Programme in support of democratic electoral processes is also being implemented in **Haiti** with IfS funds.

**Nicaragua** benefits from IfS for rehabilitation and reconstruction in areas affected by Hurricane FELIX. Apart from promoting the sustainable recovery of critical water sanitation infrastructure, livelihoods and income generation assets, the programme also contributes to reinforcing dialogue and good governance and promoting disaster risk reduction.