

# THE EUROPEAN COMMUNITY AND LATIN AMERICA



Europe  
on the move



**F**ive centuries later ... The 500th anniversary of the discovery of America will be celebrated in 1992. Much of this New World would come to be 'Latin America'. Shaped by Europe and its culture more than any other conquest, it was colonized and decolonized earlier, maintaining a special relationship with the Old World that has withstood the vicissitudes of history.

And yet, when the newly founded European Community embarked on its policy of cooperation with the developing countries, it seemed that this old relationship had been forgotten and that European cooperation went no further than the Mediterranean or Africa.

This was not the case. As the building of Europe progressed and took shape, the Community broadened its horizons. It established a policy of cooperation throughout the world and gradually built a genuine partnership, born of mutual interest and deep-rooted affinity, with the countries of Latin America.



Growing papayas.

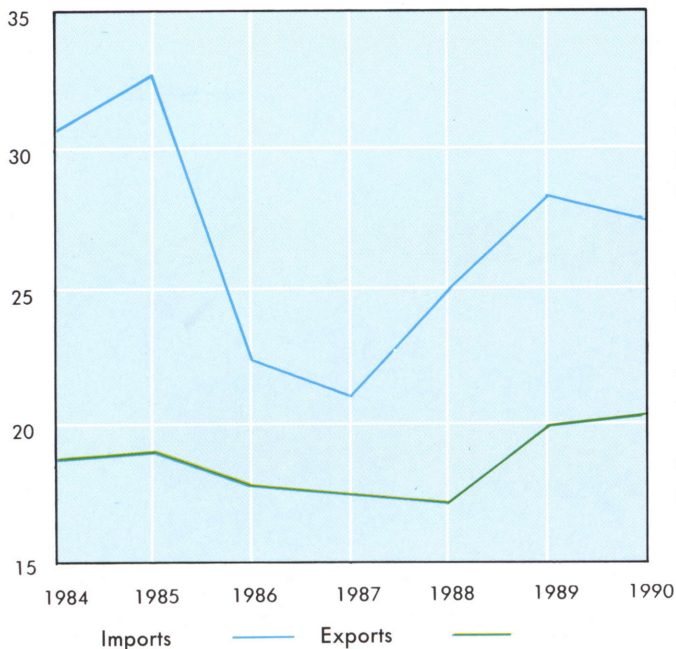
## STRUCTURED COOPERATION

In the 1970s the Community concluded its first ('first generation') agreements with Brazil and Uruguay, which were limited in scope to basic commercial cooperation. In the space of a decade, from 1982 to 1991, a network was constructed that spans the entire Latin American mainland, from the Rio Grande to Patagonia. The agreements are no longer limited to trade; they cover economic, industrial, scientific and technical cooperation. They also touch on less conventional fields, such as the environment and the war on drugs. They have become 'third-generation' agreements.

Preparing coffee seedlings in Guatemala.



EEC imports from, and exports to, the countries of Central and South America (million ECU)



The multilateral agreements concluded with regional organizations, such as the Andean Pact (Bolivia, Colombia, Ecuador, Peru and Venezuela) and the Central American Isthmus (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), reflect both the Community's mission and its partners' aspirations.

If these agreements provide a framework for a partnership destined to grow and gain strength, the Community has also improved the instruments of its general cooperation policy.



## ECONOMIC RELAUNCH

As one of Latin America's main trading partners, Europe accounts for 20% of its exports and 20% of its imports. These flows must be maintained and expanded if the economic balance is to be restored in these heavily indebted countries.

The Community system of generalized preferences offers them easier access to the European market, while trade promotion operations endeavour to boost their export policies.

However, these facilities would be of relatively little value if production potential were not reinforced. Hence the importance of promoting investment, in particular through operations aimed at small firms and support for partnerships with European firms: such, for example, is the purpose of financing through the EC International Investment Partners instrument or, where Brazil and Mexico are concerned, the Business Council Network. Hence also the need to contribute to the development of the technological and scientific potential or to foster the establishment of regional bodies.



Economic cooperation:  
cutting sheets of  
metal salvage in  
a small firm.

Rural development:  
village water supply in  
Honduras



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### Cooperation with Latin America 1976-89

A breakdown of Community funding  
(million ECU)

Total	1452
Development cooperation and inc.:	1291
financial and technical cooperation	727
food aid	435
co-financing with NGOs	82
Economic cooperation (trade promotion, energy coope- ration, scientific cooperation, train- ing, industrial promotion, etc.)	91
Humanitarian aid	70

## HELPING THE POOREST

Although most Latin American countries cannot be numbered among the poorest developing countries, there exists, in these middle-income countries, a gulf between rich and poor, manifested by textbook underdevelop-ment and widespread human misery.

This particularly affects millions of people in rural areas.

Community financial and technical cooperation is therefore directed mainly at these people. Over 150 projects have been financed in this domain: agricultural production, livestock farming, fishing, irrigation and loans to farmers, together with

### Cooperation agreements with the countries of Latin America

Each partner's name is followed by the date on which the relevant agreement was signed.





education and social projects, support for land reform, etc.

Other inputs are directed at the same goals: channelled through NGOs (non-governmental organizations), Community co-financing enables microprojects to address the basic needs of the communities concerned. Food aid also plays a major role in countries affected by shortages. Last but not least, emergency or humanitarian aid helps the victims of emergency situations, such as natural disasters, epidemics or civil war.

Today increasing attention is being given to the inhabitants of the major cities. The 1990s have shown that poverty in Latin America is not confined to the countryside.

## SUPPORT FOR REGIONAL INTEGRATION

As in other regions of the Third World, the European Community is a staunch supporter of all moves towards regional integration and cooperation in Latin America. It can share with its partners its own experience in the field. But its support is also financial: almost 10% of cooperation with Latin America takes place on a regional basis.

The Community has been unstinting in its political and economic support for the two most significant experiments in regional cooperation. It has from the outset supported the efforts of the An-

dean Pact, of which it is the principal external donor. In Central America, Community involvement has been even more remarkable in that it has gone beyond development aid to the region and has given rise to the 'San José dialogue'. Similarly, the Community and its Member States in 1990 formally instituted ministerial meetings with the countries of the Rio Group (South America and Mexico). Four sectors of cooperation were targeted as priorities: the transfer of know-how on integration, the training of administrators, scientific and technological cooperation, and the promotion of investment from Europe, a



field in which the European Investment Bank is to play a leading role. The Community also intends to back the Mercosur experiment, the new Southern Cone common market involving Argentina, Brazil, Paraguay and Uruguay.

*Regional cooperation in Central America: rural house-building in support of land reforms.*

## STRENGTHENING COOPERATION

As the single market nears completion, the Community has clearly demonstrated its will not only to preserve the gains of cooperation with Latin America, but to consolidate and strengthen it. It has therefore drawn up multiannual guidelines integrating all its cooperation instruments into a comprehensive approach, and doubling the budget for the period 1991-95.

Cooperation must develop the institutional capacities of the partners, contribute to the improvement of their overall economic situation and strengthen their competitiveness. The war on poverty remains a priority, but not at the expense of efforts to restore the industrial fabric. The environment will be an increasingly important factor both in terms of individual projects and in the context of major operations of world interest, such as the plan for the tropical forests. To support these efforts, the Community has established delegations in Argentina, Brazil, Chile, Costa Rica, Mexico, Peru, Uruguay and Venezuela.

### In short . . .

- Bolivia is Latin America's leading recipient of Community aid.
- Through the NGOs, the Community has been able to help people in countries experiencing political troubles, such as Chile.
- Seventy-two per cent of Community aid is allocated to agricultural development.
- In Central America, the Community has made a decisive contribution to integrated rural development projects carried out in the context of land reform.
- In Bolivia more than 500 communities are involved in rural self-development.
- A support programme for small and medium-sized enterprises is under way in Central America.
- A pilot project for the reforestation of the Altiplano is being executed in Peru.
- Peru, Ecuador and Chile are engaged in a joint fisheries research and development programme.
- The Andean countries are linked by a university research network.
- EC International Investment Partners assists start-ups by means of venture capital for partnerships with European firms.
- There is a project to set up centres for the transfer of the Community's know-how in the fields of regional integration and training administrators.

### European aid to Latin America

Latin America accounts for 14% of all aid allocated by Europe and its Member States.


Sixty-eight per cent of official aid to Latin America comes from the Community and its Member States.

In the period 1976-89, ECU 1.5 billion was granted from the Community budget.



*Llama by Lake Titicaca.*



  
**EN**

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