

No. 37/1985
November 19, 1985

Contact: Ella Krucoff
(202) 862-9540

E.C. AND CENTRAL AMERICA SIGN POLITICAL AND ECONOMIC AGREEMENTS

The European Community last week strengthened its ties to Central America at a conference that produced a five-year cooperation agreement, a plan for joint annual meetings to promote a regional peace process, and political and economic communiques.

"This is a very important political step," said Claude Cheysson, E.C. Commissioner for North-South Relations, noting that the Community strongly supports regional cooperation around the world. "We must now demonstrate our will to act together in the medium and long term, with mutual regard and the recognition of differences, in the framework of an agreement of peace and cooperation."

Attending the November 11-12 conference in Luxembourg, in addition to Mr. Cheysson, were the Foreign Ministers of the 10 E.C. member states, future members Spain and Portugal; Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama; and the three other Contadora Group members (in addition to Panama)—Colombia, Mexico and Venezuela. They took the following actions:

Cooperation Agreement. The Community and the six countries of the Central American Isthmus signed a five-year accord under which they agreed to grant each other most-favored-nation treatment, to cooperate in technological, agricultural, industrial and other fields and to promote European investment in Central America. The Community also agreed to increase substantially its aid to Central America, with a particular emphasis on regional projects. It further pledged to examine ways to improve its Generalized System of Preferences, which provides trade concessions to developing countries, as it applies to Central America.

./..

Political Dialogue. In a "final act" approved by the Community, the Central American states and the Contadora Group, the parties agreed to institutionalize the political dialogue that was initiated at their first conference on Central America in September 1984 in San Jose, Costa Rica. In particular, they agreed to hold annual ministerial meetings. "They are convinced that this political dialogue will contribute to the efforts of the Central American countries--with the support and with the encouragement of the Contadora Group--to find a negotiated, regional, global, peaceful solution in order to put an end to the violence and instability in the area," the final act states.

Attached to the final act are a political communique and an economic communique. In the political document, the Community expresses its support for the Contadora Group's efforts to bring about a regional solution to Central America's political conflicts. In an allusion to the role of the United States, the parties state that all countries with ties and interests in Central America should help to create favorable conditions for the Contadora process.

The economic communique, signed by the Community and the six Central American countries, emphasizes the importance of regional economic projects. It also supports mixed economies, long-term solutions to Latin American debt problems, and a new round of international trade negotiations. It calls for closer relations in the area of vocational and literacy training.

Unofficial excerpts of the final act and the political and economic communiqués follow:

FINAL ACT OF THE LUXEMBOURG CONFERENCE

The second Conference between the European Community and its Member States, Spain and Portugal and the States of Central America and of the Contadora Group on the political dialogue inaugurated in San Jose de Costa Rica September 28-29, 1984, and on economic cooperation between the European Community, Spain and Portugal and the States of Central America was held in Luxembourg November 11-12, 1985....

The Conference discussed the political and economic situation in Central America and relations between Central America and the European Community.

During the Conference:

The High Representatives of the participating countries reaffirmed their commitment to the continuation and development of the political dialogue instituted at the Conference held in San Jose de Costa Rica, in accordance with the principles set out in the San Jose Declaration of September 29, 1984.

They are convinced that this political dialogue will contribute to the efforts of the Central American countries--with the support and with the

../..

encouragement of the Contadora Group—to find a negotiated, regional, global, peaceful solution in order to put an end to the violence and instability in the area and to foster social justice and economic development and a respect for human rights and democratic liberties.

This peaceful solution must be based on the principles laid down in the United Nations Charter, the OAS (Organization of American States) Charter and the Universal Declaration of Human Rights and on the Contadora Group's "document of objectives," and draft Document on Peace and Cooperation in Central America dated September 12, 1985, approved by all the States in the area.

It was accordingly agreed that this political dialogue should be institutionalized, in particular by the holding of annual meetings, in principle at Ministerial level.

The Contadora Group, which is continuing its efforts to bring about a peaceful solution in Central America, will play a full part in the meetings to be held in the context of the political dialogue between the countries of Central America and those of the European Community.

The High Representatives of the European Community on the one hand and of Central America and Panama on the other have signed a cooperation agreement between Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, as parties to the General Treaty on Central American Economic Integration, and Panama on the one hand and the European Economic Community on the other.

By establishing close, institutionalized cooperation between the two parties, this agreement would help to foster economic integration in the Central American region and to further economic development and social progress in the area in the interests of greater political stability....

JOINT POLITICAL COMMUNIQUE OF THE
LUXEMBOURG MINISTERIAL CONFERENCE ON
POLITICAL DIALOGUE AND ECONOMIC COOPERATION
BETWEEN THE COUNTRIES OF THE EUROPEAN COMMUNITY,
SPAIN AND PORTUGAL
AND THE COUNTRIES OF CENTRAL AMERICA AND OF CONTADORA
HELD NOVEMBER 11-12, 1985

....The participants in the Luxembourg Conference saw it as a sequel to the historic meeting held in San Jose de Costa Rica September 28-29, 1984, at which relations between the European Community and Central America were put on a new footing.

The Ministers expressed the hope that the dialogue would help to create a climate of confidence both within Central America and between the Twelve-Member Community and Central America and thus pave the way for increasingly close and wide-ranging cooperation.

..//..

....The Foreign Ministers recognized that, in view of the cultural and historical heritage existing between Spain and Portugal and Latin America, the accession of the former to the European Communities will be a major factor in helping to create better understanding and cooperation between Europe and Latin America.

The Foreign Ministers reaffirmed their common conviction that the political dialogue and economic cooperation undertaken would help to:

- back up efforts to put an end to violence and instability in the region, particularly the efforts of the States of Central America in the context of the Contadora Group's diplomatic dealings, which had been supported from the outset by the countries of the European Community;
- achieve on the basis of the proposals arising from the Contadora process a negotiated global, political solution for the region originating in the region itself and founded on the principles of independence, nonintervention, self-determination and the inviolability of frontiers;
- result in the speedy adoption of the Contadora Document on Peace and Cooperation in Central America and so open the way to that lasting global solution for the region aimed at in the agreements and undertakings contained in the final communique of the joint meeting of the Foreign Ministers of the countries of Central America and the Contadora Group held in Panama December 12-13, 1984;
- create a climate of confidence in which the States of Central America could live in peace and foster their mutual cooperation with a view to closer integration and the furtherance of their economic and social development;
- supplement the efforts being made by the countries of Central America to achieve interregional cooperation and to help combat the economic imbalances and social injustice which were, in large measure, at the root of political instability;
- reinforce, within a national legal order, democratic principles and institutions and to foster national reconciliation in all countries of the region, in the framework of pluralist political and social systems involving all, as a means of terminating the conflicts and tensions besetting the Central American region.
- develop and to guarantee in all countries every human right and fundamental freedom, such as respect for individual integrity, freedom of the press, freedom of association and religious freedom, as defined in international agreements and in the Universal Declaration of Human Rights.
- establish, within the framework of the Contadora process and in accordance with international law, a reliable system of regional security, encompassing effective conditions and policies designed to

../..

arrest the arms race in all its forms; to establish a system for the control and reduction of armaments and military personnel; to eliminate the foreign military presence; and to prevent action designed to intimidate and bring about destabilization, such as terrorism, subversion and sabotage.

-- implement, in the framework of the Document on Peace and Cooperation in Central America, all political, economic, social and security objectives endorsed by every Central American Government in adopting the "Contadora Document of Objectives" on September 9, 1983.

The Ministers continued the dialogue started in San Jose on developments in Central America.

They examined the progress made in the Contadora peace process and noted the firm commitment of the countries in the Contadora Group to continue their efforts to achieve the aims of the Document on Peace and Cooperation in Central America.

In this connection, the Ministers welcomed the decision by the democratic Governments of Argentina, Brazil, Peru and Uruguay at the Cartagena Conference August 22-23, 1985, to form a group to support the efforts of the Contadora Group to achieve peace and cooperation.

The Foreign Ministers reiterated their conviction that the conflicts in Central America could not be resolved by force. They agreed that, in accordance with the principles laid down in the United Nations Charter and the Charter of the OAS, a peaceful settlement of the conflict in Central America would have to be based in particular on respect for national sovereignty and independence, territorial integrity and nonintervention in the internal affairs of other States and nonrecourse to intimidation or force.

The Foreign Ministers of the European Community and of Spain and Portugal reaffirmed their support for the Contadora Group and welcomed the progress made in the Contadora process. They noted with approval that all the interested parties had agreed to continue the negotiations on the basis of the draft Contadora Document of September 12, 1985.

The Foreign Ministers of the Central American States and the Contadora Group expressed their satisfaction at the support given by the Governments of the Community Member States for these negotiations.

The Ministers of the European Community and of Spain and Portugal and those of the Contadora Group stressed the importance of ensuring that the current negotiations be conducted in a constructive spirit and brought to a successful conclusion, and that constitutional procedures be initiated to permit the early entry into force of the Contadora Document on Peace and Cooperation in Central America, which will require the creation of effective and appropriate implementing and follow-up machinery.

../..

The Ministers for Foreign Affairs voiced the conviction that it was essential for all countries with links and interests in the region to make an effective contribution towards creating favorable conditions for the conclusion of negotiations, with a view to the endorsement of the Document on Peace and Cooperation in Central America and in order that they should thereafter cooperate in helping to accomplish achieving the objectives of the aforementioned Agreement.

The countries of the European Community, Spain and Portugal reiterate their willingness to support, to the extent that they are able and if so requested, the action of the States with responsibility for implementing the terms of the Agreement on Peace and Cooperation.

The Foreign Ministers also agreed on the utility of implementing the terms of the resolutions adopted by the international bodies of which their respective countries are members and which relate to a peaceful solution of the Central American situation.

The Foreign Ministers express both their satisfaction that the general elections in Guatemala on November 3 took place in an orderly, free and peaceful manner and it is their hope that these elections will represent a major step towards achieving the institutionalization of the democratic system in that country.

The Ministers, apprised of the grave act of terrorism which has occurred in Colombia against the Supreme Court of Justice, in which many magistrates and citizens of that country lost their lives, deplore this outrage against a public authority; they condemn terrorist actions which endanger innocent lives and convey their condolences to the people of Colombia and to President Belisario Betancur, who has set in motion a valid peace process to strengthen political dialogue and democratic activity in that country.

The Foreign Ministers acknowledged the importance of the social and cultural dimension in cooperation between the member countries of the Community and the countries of Central America. They were unanimous in their view that in future this aspect of cooperation must be expanded and given greater support and stressed the value of programs such as exchange visits by members of parliament and journalists.

The Foreign Ministers of the Member States of the European Community and of Spain and Portugal mentioned the possibility that their governments could support in a suitable way the efforts undertaken to develop and modernize the administration of justice and public administration in Central America in order thereby to make a further contribution to political stability and democracy in that region.

Lastly, in the Final Act of the Luxembourg Conference the Foreign Ministers of the countries of the European Community, Spain and Portugal and of the countries of Central America, together with those of the Contadora countries, recorded their intention to institutionalize the political dialogue entered into.

../..

JOINT ECONOMIC COMMUNIQUE BETWEEN THE EUROPEAN COMMUNITY,
INCLUDING SPAIN AND PORTUGAL, AND THE COUNTRIES OF THE
CENTRAL AMERICAN ISTHMUS FOLLOWING THE CONFERENCE ON POLITICAL
DIALOGUE AND ECONOMIC COOPERATION BETWEEN THE COUNTRIES OF THE
EUROPEAN COMMUNITY, SPAIN AND PORTUGAL, THE STATES OF
CENTRAL AMERICA AND THE CONTADORA GROUP
HELD IN LUXEMBOURG NOVEMBER 11-12, 1985

The Community and the countries of the Central American Isthmus, together with Spain and Portugal, expressed the hope that the institutional conditions for effective multilateral cooperation could be improved within the framework of the Central American Common Market, thanks to the agreement between the two regions, one of the objectives of which was to strengthen joint institutions and to encourage economic cooperation. This would also apply particularly with a view to the participation of Panama.

They emphasized their determination to help stabilize the Central American region, more particularly by implementing measures to improve that region's socioeconomic conditions, the backwardness of which was the basic cause of social instability. In particular, the Community, together with Spain and Portugal, confirmed their intention to grant priority assistance for regional projects on the basis of the jointly agreed priorities and objectives for the region.

The Community noted the interest displayed by the countries of the Central American Isthmus in measures to improve economic relations between the two regions, with particular reference to commodity outlets on European markets, the stabilization of the prices of their export commodities and extension of cooperation between the financial bodies of the two regions.

They welcomed the significant economic role being played by the Central American Bank of Economic Integration, which was helping to strengthen interdependence, economic integration and economic development in the region. The Community proposed to strengthen its cooperation with this institution.

The Ministers agreed that maintaining and encouraging the private sector in the context of a mixed economy was also in the interests of cooperation between the two regions.

They hoped that increased private investment would play a major role in the development of the key sectors of the economy. In this connection, Ministers stressed the importance of regional investment projects, pointing to the need for agreements to encourage and protect private investment.

The Ministers of the countries of the Central American Isthmus paid tribute to the assistance given under bilateral and multilateral arrangements by the Community and its Member States and by other countries and nongovernmental organizations and made particular reference to the aid provided by the United Nations High Commissioner for Refugees.

The Foreign Ministers and the Commission of the European Communities noted that, despite improvements in certain countries, world economic conditions remained unstable and that development prospects continued to be uncertain. They also noted that, for the world economy to operate more harmoniously, international economic cooperation would have to be stepped up. In this regard, they emphasized that North-South relations played a major part and should be improved.

The problem of external indebtedness and repayment difficulties facing many developing countries, particularly Latin American countries, continued to be a major cause of concern to those attending the Conference.

The cost of foreign debt servicing often reached alarming proportions, thereby jeopardizing development prospects and political and social stability in the countries in question.

Although, in the wake of the advance of the world economy and of the efforts of debtor and creditor countries, some signs of progress have appeared to date, the fact remained that underlying problems still had to be dealt with and that all the parties concerned (countries, banks and multilateral financial bodies) would have to make the necessary efforts to restore financial stability in these countries and to achieve better bases for growth. In this context, it appeared necessary, when seeking lasting solutions, to look beyond the short term when considering the problem of external indebtedness and to take all relevant factors into account.

The Ministers for Foreign Affairs and the Commission attached great importance to the expansion of world trade as a contribution towards world recovery and the revival of the development process and as a means of alleviating the problems of indebtedness. They regarded it as important that efforts to implement the General Agreement on Tariffs and Trade program should continue and that international commitments to combat protectionism should be honored.

They declared their support for a new round of multilateral trade negotiations to start under conditions such that all the parties involved—both developed and developing countries—might derive benefit from them.

The Ministers also took the view that imbalances of monetary and financial origin could not be resolved solely by trade negotiations. Determined, concerted action would be needed to improve the functioning of the international monetary system and to increase the flow of financial and other resources to the developing countries. Results in the monetary and financial fields should be sought in the appropriate international bodies alongside results in the trade field, so as to facilitate the basic objective of relaunching economic development and social progress.

The Ministers for Foreign Affairs and the Commission of the European Communities expressed satisfaction at the work undertaken at the annual meeting of the International Monetary Fund and of the World Bank in Seoul, for the purpose of restoring sustained economic growth and mobilizing the necessary public and private financial resources—both bilateral and

multilateral--in the framework of a renewed effort to achieve international cooperation.

The Ministers for Foreign Affairs and the Commission of the European Communities stressed in particular the importance of closer relations in the sector of vocational training, both technical and scientific, by means of scholarships and cooperation between higher education establishments in the two regions, as well as in the sector of training and alphabetization (literacy).

The Commission of the European Communities informed the Foreign Ministers that the Office for Central America of its delegation for Latin America had recently been opened in San Jose de Costa Rica and that this office would also be responsible for relations with organizations concerned with the economic integration of the region.

The Ministers for Foreign Affairs and the Commission of the European Communities agreed to intensify their contacts at the seat of the European Community, to strengthen the current dialogue between the group of Central American States and the Commission of the European Communities and to continue the Commission's assistance to integration bodies in the region.

