

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

1983-1984

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15 July 1983

DOCUMENT 1-580/83

## Report

drawn up on behalf of the Committee on External Economic  
Relations

on economic and trade relations between the European  
Community and Latin America

Rapporteur: Mr J. VAN AERSSEN

PE 78.713/fin.



At its sitting of 10 July 1981, the European Parliament referred the motion for a resolution tabled by Mr Klepsch, Sir James Scott-Hopkins and Mr Seeler (Doc. 1-406/81) pursuant to Rule 47 of the Rules of Procedure to the Committee on External Economic Relations as the committee responsible and to the Committee on Development and Cooperation for an opinion.

At its sitting of 13 May 1982, the European Parliament referred the motion for a resolution tabled by Mr Linkohr (Doc. 1-254/82) pursuant to Rule 47 of the Rules of Procedure to the Committee on External Economic Relations as the committee responsible and to the Committee on Energy and Research for an opinion.

At its meeting of 21 September 1981, the Committee on External Economic Relations decided to draw up a report and appointed Mr van Aerssen rapporteur.

The committee considered the draft report at its meetings of 27 November 1981, 24 February 1982, 2 December 1982, 23 March 1983, 19 April 1983 and 23 June 1983. At the last meeting it adopted the motion for a resolution as a whole unanimously.

The following took part in the vote: Mrs Wiczorek-Zeul, vice-chairman; Mr van Aerssen, rapporteur; Mr Blumenfeld, Mr Bonaccini (for Mr Galluzzi), Mr Fellermaier (for Mr Zagari), Mr Gauthier (for Mr Bord), Mr Rieger, Mr Seeler and Mr Welsh (for Mr Spencer).

The opinions of the Committee on Energy and Research and the Committee on Development and Cooperation are attached.

The report was deposited on 7 July 1983.

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on economic and trade relations between the European Community and Latin America

The European Parliament,

- having regard to the Final Acts of the Fifth and Sixth European Community/Latin America Interparliamentary Conferences of 25 - 28 January 1981 in Bogota (PE 70.676) and of 13-16 June 1983 in Brussels (PE 85.416/fin.),
- having regard to
  - (a) its resolution of 14 October 1982 on economic relations between the European Community and Central America (OJ No. C 292, 8.11.1982, p.87),
  - (b) its resolution of 19 November 1982 on special action in favour of the economic and social development of Central America (OJ No. C 334, 20.12.1982, p.128),
  - (c) its resolution on the conclusion of a framework agreement on cooperation between the European Economic Community and the Federative Republic of Brazil (OJ No. C 28, 9.2.1981, p.68),
- having regard to the motion for a resolution by Mr Klepsch, Sir James Scott-Hopkins and Mr Seeler on economic and trade relations between the European Community and Latin America, referred to the Committee on External Economic Relations on 10 July 1981 (Doc. 1-406/81),
- having regard to the motion for a resolution by Mr Linkohr on relations between Latin America and the European Community in the field of energy policy (Doc. 1-254/82),

- having regard to the report of the Committee on External Economic Relations and the opinions of the Committee on Energy and Research and the Committee on Development and Cooperation (Doc. 1-580/83)
- A. aware of the fact that, through their traditional friendship, close trade and economic relations and the multitude of cultural ties between their peoples, the European Community and Latin America are natural partners,
- B. convinced that mutually advantageous political, economic, technical and financial cooperation can be successfully developed only on the basis of equal rights and of non-interference in internal affairs,
- C. seeking to give particular support to political, economic and social forms of regional integration on the model of the Andean Pact,
- D. having regard to the paucity of these relations, which is illustrated statistically by the low and, furthermore, declining level of trade between these two regions seen as a proportion of total Community trade, in institutional terms by the fact that there are as yet very few framework agreements between the Community and Latin American countries and that supranational contacts between the two regions have scarcely developed and, where they do exist, have made little progress, and politically by the fact that there is no constructive overall policy for such cooperation,
- E. hoping that the Community's powers and scope for action will be realistically assessed and that instruments of international economic and development policy cooperation will be expanded with other industrialized countries such as the United States,
1. - Reaffirms its resolve to bring Latin America and the Community ever closer to a new and lasting partnership';
- expects the European Community to draw up forthwith an overall concept for economic, financial and development policy cooperation which is as consistent as possible, and on this basis to submit an integrated, graduated plan which, while inevitably concentrating on certain aspects, renounces irrelevant, and in particular ideological selection criteria;

2. Points out that

- there are great disparities between the political, economic and social conditions in the various Latin American countries and, therefore, that it is only by adopting a differentiated policy on Latin America, tailored to the actual requirements of the various peoples, that the Community can do justice to the reality of the situation in that continent;
- the Community should take this into account, on the one hand by coordinating the specific interests of individual countries or groups of countries, and on the other hand by making a joint effort to draw the two regions together by concluding a framework agreement with SELA;

3. Considers it crucial for further economic progress in Latin America that the present inflexible and unjust social structure in certain countries should be abolished and give way to a system which offers the entire population opportunities for a humane existence;

4. Regrets that the framework cooperation agreements concluded by the Community with Mexico (in 1975) (OJ No. L 247, 23.9.1975, p.10) and Brazil (OJ No. C 28, 9.2.1981, p.68) have not as yet produced any concrete results and urgently calls on the Commission and the Council to provide the necessary encouragement and support for the appropriate Joint Committees to implement these agreements;

5. Welcomes that a cooperation agreement with the Andean Pact countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) will soon be signed and hopes that it will be accompanied and supported by a well-publicized conference;

6. Calls on the Commission and Council to propose an economic cooperation agreement as a sign of the EEC's commitment to Central America, and to supplement this general offer of a cooperation agreement through bilateral agreements with the countries in the region which have or are developing democratic structures or which are particularly under-developed and do not belong to the ACP group of countries;

7. Requests the Latin American states to set up an ad hoc political body with the necessary powers to act as a partner for cooperation with the European Community;

8. Draws attention to Latin America's declining share in Community imports and calls for improvements in the generalized system of preferences (GSP) for Latin American countries so as to eliminate trade barriers and also urges certain of these countries to renounce their restrictive policy and to open up their markets further to Community products;
9. Disturbed at the predicament caused in many Latin American countries by their high level of indebtedness, proposes, with a view to consolidation,
  - a coordinated negotiation of debt repayments,
  - the strengthening of foreign currency reserves by means of trade between zones,
  - the prevention of ruinous export competition by coordinating the Latin American countries' trade policy;
10. Welcomes the forthcoming establishment of a new permanent delegation of the European Communities in Brazil;
11. Requests the Commission to organize a Community trade fair in one or more Latin American countries;
12. Points to the Community's problems regarding transport links with Latin America, in that, for example, certain Latin American countries are introducing cargo controls for maritime shipping which are proving to be an obstacle to trade;
13. Urges that a group of experts should be formed to assist with the development of small businesses in Latin America;
14. - Proposes that a Euro-Latin American bank be set up, which among other things should finance trade between the Latin American countries and the European Community, investment projects, export drives etc.;
- proposes in addition the establishment of cooperation with existing financial and development policy instruments such as the Inter-American Development Bank (IDB), the European Investment Bank (EIB), the Inter-American Institute for Cooperation in Agriculture, and the World Bank;

5. Proposes that an institute for Latin American-European contacts be set up, based in one South American and one Community city;
16. Endorses the principles of the Community's plan for Central America, which aims to pay greater attention to rural areas with low productivity, particularly in the poorest countries of Latin America, and regards practical projects for agricultural reform of similar Community development measures as a possible beginning of effective cooperation;

such measures include:

- support for plans to concentrate financial and technical aid within the context of development cooperation on projects for integrated regional development;
  - priority support for implementation of agricultural reform projects with the emphasis to be placed on a wide dispersion of agricultural activities, the encouragement of producers' cooperatives, purchasing and marketing structures, improvements to infrastructures, participation by the rural population through representative bodies and the development of an appropriate advisory service;
  - notes, furthermore, that, although the improvements made in 1977 to the generalized system of preferences (GSP) in theory increased the export potential of the countries of Latin America, in practice they still apply only to the most developed countries; trade in agricultural products must be expanded by means of worldwide raw materials agreements, multi-annual supply contracts and special measures, so as to extend the possibilities offered by the generalized system of preferences (GSP) specifically to include the less developed countries;
17. Believes that it is in the interests of both parties with a view to the further industrialization of Latin American countries and given the lack of energy sources and raw materials in the Community, for there to be closer cooperation in the exploration and exploitation of energy sources and raw materials, and calls on the Commission and the Council of Ministers to conclude a long-term framework agreement with the members of

OLADE; in preparation for this agreement the Commission, together with OLADE, should investigate the potential for cooperation between the Community and its Latin American partners in all areas of energy production (e.g. nuclear energy, alternative energy sources) and trade;

18. On the other hand, considers it to be a clear precept of solidarity to prevent the countries of Latin America which are structurally weak and have few raw materials from being cut off from cooperation between the Community and Latin America and to include them in such cooperation by intensifying development policy measures;
19. Attaches importance to specific measures by the Community for technology transfer to Latin American countries, for example the provision of incentives to Latin American scientists and technologists to expand their knowledge of certain fields (energy, industry, agriculture) in the Community, and hopes that legislation in the Latin American countries will facilitate the necessary transfer of technology;
20. Favours the creation of the necessary guarantees for investors from the Community, the promotion of joint ventures and better facilities for capital and service transactions between Community and Latin American undertakings to improve the climate for investment in Latin American countries;
21. Calls on the Council and the Commission representatives and the Group of Latin American Ambassadors in Brussels (GRULA) to give priority to the above recommendations in their 'dialogue' and to take the necessary measures for their implementation;
22. Assumes that the Latin American countries will exploit the remaining scope for regional integration and by means of their own progress towards integration themselves strengthen cooperation with the European Community;
23. Considers it necessary in the interests of the Community's credibility that the Community and its Member States should coordinate the policy on Latin America, taking account of the human rights position in individual countries;

24. Regards the adoption by the Community of a coordinated economic and development strategy for Latin America as an important component of an overall peace policy designed to achieve social justice, equality of opportunity and constitutional democracy and to remove all forms of violence and infringement of human rights and fundamental freedoms in Latin America;
25. Instructs its President to forward this resolution and report to the Council and the Commission, and to the governments and parliaments of the Latin American states represented at the Community as well as to their diplomatic representations in Brussels.

EXPLANATORY STATEMENT

1. Since the beginning of the seventies, the Community's Latin American policy has become more closely defined. This is due to events both at international and European level. Since the accession of the United Kingdom, Denmark and Ireland, the Community has extended its concern for developing countries which until then had largely been confined to the continent of Africa, to include other parts of the world. Some members of the Commonwealth were included in the group of ACP countries with which the Community had concluded the Lomé Convention. The Commonwealth countries which did not join the ACP group have strengthened their links with the Community since British accession, as the example of India shows. It was therefore hardly surprising that the Community would now devote greater attention to the only group of developing countries which had not shared in this development but with which there were nevertheless close cultural links, namely Latin America. In addition all developing countries have become gradually more aware of their position in the world and have formed a group as shown by the UNCTAD conferences and the North-South dialogue. Finally the oil crisis of 1973 brought it home to the Western European countries that they were heavily dependent on certain developing countries (including some Latin American countries) for raw materials other than oil. A further factor was that most Latin American countries welcomed a lessening of their traditional economic dependence on their powerful neighbour to the north.

2. Despite this rapprochement, relations between the two parties are hardly characterized by a high level of objectivity and activity. The Latin American countries regularly criticize certain aspects of Community policy, and in some cases their criticism scarcely matches the real facts. Such criticism is principally directed against the common agricultural policy, Community preference agreements and growing protectionism, which are cited as the reasons for Latin America's declining share of Community imports (down from 11% in 1958 and 9.5% in 1963 to approximately 5% in 1980(1)). At the same time we must concede that the Community's policy towards Latin America, despite a number of bilateral agreements with individual countries in this region and despite an ongoing 'dialogue' between the two sides, has not produced any spectacular results.

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(1) See Table 1

3. As far as Latin American criticism of the Common Agricultural Policy is concerned, we should bear in mind, as Dame Shelagh Roberts pointed out in her working document for the Fifth Interparliamentary Conference, that imports of agricultural products from Latin America to the Community have quadrupled, in terms of value, since 1963 (the introduction of market organizations has not inhibited this growth), while agricultural imports from all other third countries have increased to a lesser extent(1). Exports of Latin American agricultural produce to the Community increased at an even faster rate than those from other regions (such as the Mediterranean countries and Eastern Europe), which are among the Community's traditional suppliers. As a result, Latin America's share of the Community's agricultural imports grew from 14.5% in 1963 to 15.8% in 1973 and 16.4% in 1981(2). Moreover it is unlikely that any reform of the Common Agricultural Policy (CAP) under the Mandate of 30 May 1980 will have any absolute or relative effect on imports from Latin America because tropical produce and a large number of other agricultural products are already included in the Generalized System of Preferences (GSP) and the scope for influencing imports of produce which are governed by a market organization is very limited; moreover the principle of equal treatment would mean that any expansion of import possibilities would also have to be offered to the Community's other trading partners.

4. Nevertheless the Community should give serious thought to certain criticisms of its agricultural policy. Argentina and Brazil, for example, fear that any import levy on vegetable oils and fats would create an obstacle to its exports of sunflower and soya oil to the Community. Even conceivable voluntary limitation of exports of soya and other cereal substitute products to the Community would create enormous difficulties (soya, for example, is the most important Argentinian export to the Community). We would point out that the Committee on External Economic Relations and the European Parliament have already expressed on earlier occasions (3) their clear opposition to such import-restricting measures. These matters are moreover closely related to a further criticism made by Argentina; namely that Argentinian beef exports to third countries suffer from Community competition. The criticism is not only of the volume offered but also of 'subsidized' Community exports which it is claimed push down the world market price of beef. The Commission's defence is

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(1) See Table 4

(2) See Table 6

(3) See resolution on possible improvements to the CAP (OJ No. C 172, 13 July 1981, paragraphs 35 and 42)

that beef production is stimulated among other things by imports of soya (as fodder), with the result that surpluses have to be disposed of on the world market. However, experts believe that beef exports in 1982 will be on a smaller scale than in the previous two years.

5. The Committee on External Economic Relations notes that the Commission intends to do everything in its power firstly to reduce agricultural surpluses for which there is not sufficient demand outside the Community and secondly to organize agricultural exports as far as possible to complement the exports from the other countries which cover the world demand for agricultural produce (1).

6. As regards the criticisms of the Community's preference agreements, we should remember that the 'Lomé' countries' share of Community imports has also fallen, from 7.3% in 1977 to 5.4% in 1981. Moreover the customs advantages accorded to these countries have been largely offset over the last few years by the Generalized System of Preferences, from which it is above all the larger Latin American countries (Brazil, Argentina and Venezuela) which have profited. Indeed, Latin America has been able to maintain and even improve its position as a supplier to the Community of a range of important products: bananas (from 25 to 33%), coffee extract (from 20 to 100%), soya (from 2 to 17.7%), iron ore (from 21.2 to 30.6%), fresh fish (from 0 to 7.7%), fruit juices (from 7.5 to 37.7%) while its share of beef has remained constant at approximately 50%. This criticism appears to be less important now as it receives little mention in either the Final Act of the Fifth Inter-parliamentary Conference or recent press articles.

Latin America's share in EUR 10 imports (% value)

Product	1977 share	1981 share
Bananas	54	62
Coffee extract	91	84
Iron ore	27	34
Fresh fish	9	8
Fruit juice	35	49
Beef 44	44	52
Soya oil	15	0

(1) See 'Agence Europe', 3 July 1981, pp. 13 and 14

Apart from agriculture, Latin American criticism of the general growth of protectionism focusses naturally enough on the sensitive industrial sectors, particularly textiles. It is argued that the Multifibre Arrangement (MFA) favoured the industrialized countries at the cost of the developing countries. It is emphasized that the MFA and the bilateral voluntary restraint agreements were concluded to give the developed countries an opportunity to restructure their industry and that the term of the agreements is therefore limited to a specific period. Moreover it is claimed that the difficulties facing the textile industries in the Western countries are not primarily due to imports from developing countries. All these arguments are well-known. On the other hand, there is a certain degree of reciprocity between the industrialized nations which, incidentally, all belong to GATT. And the continual increase of textile imports from the 'low-wage' countries could not be ignored by the Community given the extremely delicate economic and social situation in this industry.

The Community has of course made its acceptance of MFA II dependent on the progress reached in bilateral talks with developing countries on these matters. We would like in this context to recall the not particularly spectacular Article 45 of the Final Act of Bogota which stresses that account should be taken in the negotiations on the renewal of the MFA of the special significance of the textile industry both in Latin America and in the European Community. After all, compared with most other industrialized nations, the Community is a liberal trading partner and it is in its own interests to encourage free world trade as far as possible.

9. Since the middle of the sixties, there has been a relative decline in trade between the European Community and Latin America. Whereas the total value of Community trade has increased tenfold since 1963, trade with Latin America has slackened (sixfold increase in imports and eightfold increase in exports)(1).

10. We must look elsewhere for the real reasons for the decline in the Latin American share of Community imports. First of all there is the nature of Latin American exports, of which roughly 80% are raw materials. World exports of raw materials are growing at a far slower rate than industrial products and one side-effect of this is a relative fall in prices. Although various large

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(1) See Table 2

Latin American countries have achieved industrialization relatively quickly (the GNP in Latin America has been growing at a rate of more than 5% annually over a long period), this industrialization has been largely oriented towards the region's internal market and sought to limit imports from third countries (import substitution policy). The proportion of industrial products in overall trade within Latin America rose from 38% in 1969 to almost 50% in 1978. It is hardly surprising, therefore, that the Latin American share of imports from other industrial countries and of world imports as a whole has declined: from 27% to 11% with respect to the United States in the period 1958 to 1977, from 8.5% to 4.2% with respect to Japan and worldwide from 11% to 4.4%. The pattern is the same in the 'Lomé' countries which also export raw materials, whereas the ASEAN countries, in which the share of raw materials in exports has declined, have been able to improve their export position. A further factor in this context which is important to note is that during the second half of the seventies the oil-exporting countries succeeded in increasing their share of Community imports from 17% to 21% due among other things to the sharp increase in oil prices. This of course weakens the Latin American position on the Community market. Moreover there is a high level of concentration in trade generally. Roughly three-quarters of all EEC imports from Latin America come from a quarter of these countries whereas some three-quarters of EEC exports are sold to a third of the Latin American countries. This process of concentration continues.

11. It should be pointed out in this connection that the tariff (and non-tariff) barriers to imports imposed by certain Latin American countries are among the highest in the world. With a view to improving trade relations the Committee on External Economic Relations considers it essential for these countries to renounce their restrictive policy and to open up their markets further to Community products.

12. Discussions on cooperation between the Community and Latin America have so far mainly been concerned with commercial aspects rather than economic cooperation as such, because Latin America exerts a powerful pull on European investors, who according to statistics are the source of between a quarter and a third of all investments in Latin America. The Community countries have recently increased their net investments in Latin America. As far as new investments are concerned they have taken over the leading position traditionally occupied by the USA in Argentina (1980 EEC: 47%, USA: 39%) and Brazil (1980 EEC: 33%, USA: 29%). Nevertheless, except in Germany, Latin America is

not primarily regarded as an area for investment. Most major European firms involved come from the mining and manufacturing sectors (in particular vehicles, engineering and the chemical industry). In this respect Europe is still a long way behind the United States but ahead of Japan and Canada. In this connection we would draw attention to Article 42 of the Final Act of Bogota which stresses the need for further improvement of the climate for investments in the Latin American countries to include sufficient guarantees for Community investors, promotion of joint ventures and the easing of movements of capital and services to and from Community undertakings. The participation of European firms

largest and richest ore deposits

for similar operations by European firms here and in other Latin American countries. The Committee on External Economic Relations considers it particularly important that existing investment contracts should not be nullified by subsequent state measures in the Latin American countries.

13. Latin America meets certain requirements for investment. Compared with other developing areas it is relatively advanced (per capita GNP for example is at least 3 times as high as in Africa); economic growth rates of over 5% for a period of many years have been higher than in industrialized countries and the subcontinent is rich in mineral raw materials; there is considerable scope for expansion in future with an annual growth in population of approximately 3% (by the year 2000 there is likely to be a market of some 600 million people); and finally Latin America has strong historical and cultural links with Europe which will be strengthened by the accession of Spain and Portugal to the Community.

14. We should of course not ignore the less favourable features of the Latin American economy, such as unemployment, indebtedness, inflation and falling prices for raw materials. The countries of Latin America have a foreign debt of \$300,000 m representing approximately 40% of their GNP or more than three times the foreign currency they earn for exports of goods. Interest payments alone are estimated at an annual \$45 m or roughly half of export earnings. A debt rescheduling programme is therefore needed. The 47% increase in IMF quotas in January 1983 represents a first important step. As a matter of urgency, interest payments and capital repayment must be brought under control by means of new bank loans, help given in bilateral agreements with the IMF and development plans formulated which pay greater attention to internal and regional markets.

15. Over the last two years the growth rate has shown a marked decline (only 1.2% in 1981, the lowest increase in GNP in the last 20 years). This was largely due to the poor showing of Brazil (with a negative growth rate of -3% in 1981) and Argentina (-6% in 1981 compared with 1.1% in 1980) and must primarily be ascribed to the deterioration in the terms of trade for Latin American countries. This can be illustrated by the growing current account deficits (\$33,700 m for the Latin American countries as a whole in 1981) which in turn is the result firstly of the enormous level of foreign indebtedness (approximately \$200,000 m in 1981) and high international interest rates and secondly the fall in the price of raw materials. Inflation on the other hand fell in thirteen of the twenty-five Latin American countries, remained constant in six countries and rose in six other countries.

16. We must also bear in mind the immense social problems and the rapid growth of population (roughly 3% per year) and the associated urbanization (at least 60% of the total population live in major cities), with tremendous differences in wealth between a small group of rich or very rich and a huge group of poor or very poor some of whom are excluded from economic life and have as a result virtually no purchasing power. In several countries this unjust degrading social structure is upheld by brute force and flagrant violations of human rights. It is now generally known that in the Latin American countries with military regimes, terror and violence are the everyday means of silencing or even liquidating any opposition to the regime. The brutality of the military system harks back to the time of the conquistadores and can scarcely be comprehended in the Western democracies. As the advocate of human rights, the Community must concentrate on protecting minimum rights and not insist blindly on the institution of Western European style democracy. The Community is guided by the principle of ensuring stable and genuine peace. Non-intervention, the people's right of self-determination, respect for human rights and the attainment of international social justice are its fundamental principles. The Committee on External Economic Relations believes that the Community should pay careful attention to this aspect when developing its economic and trade policy towards the countries of Latin America.

17. Despite differences of opinion on the present trade situation, the Community and Latin America have succeeded over the last few years in establishing various forms of cooperation to which we wish to draw attention. At the same time we will consider what practical effects these forms of cooperation have hitherto had and what improvements might be made.

18. In 1971 the Generalized System of Preferences (GSP) came into force and eased the flow of imports of industrialized products, semi-finished products and agricultural products to the Community from developing countries (the 'Group of 77' which has since grown to 120). Under the GSP practically all goods for processing and semi-finished products from the developing countries can now be imported duty-free into the Community and for a large number of agricultural products (including the tropical products which are so important for Latin America) considerable customs concessions have been established. Although for obvious reasons (its exports are made up mostly of raw materials and are geared to its own region), Latin America makes less use as a whole of the GSP than the Asian countries, three Latin American countries, namely Brazil, Venezuela and Argentina, are among the ten countries which have benefited most from this system.

19. Given the growing objections, among other things from the Committee on External Economic Relations, to the systematic extension of customs preferences, from which in particular the NICs (newly industrialized countries) would profit, it is impossible to offer these countries the prospect of further concessions under the GSP. The Committee on External Economic Relations believes, however, that thought should be given to possible GSP concessions in the agricultural sector for the poorer Latin American countries.

20. The most effective form of cooperation between the Community and Latin America to date has probably been in the field of development aid, which can be divided into three main categories:

- financial and technical aid granted for the structural improvements needed in certain sectors, particularly agriculture; of the total Community financial and technical aid for non-associated developing countries, 20% (30 m ECU in 1980) is allocated to Latin America; of this two-thirds goes to certain Central American countries (Haiti, Honduras, Dominican Republic and Nicaragua) which belong to the poorest countries of Latin America and a third to the most severely disadvantaged regions of the Andean pact;
- food aid, which at \$52.2 m in 1980 represented the most important form of aid for Latin America; this aid consists in particular of supplies of cereals, powdered milk and butteroil, from which a large number of Latin American countries have profited; Latin America receives approximately 6% of all Community food aid;

- other major less costly forms of development aid such as emergency aid, export incentives, support for regional integration, study grants etc.

21. The Committee on External Relations would emphasize, as does the Committee on Development and Cooperation, the practical use of this programme insofar as it genuinely benefits the poorest members of society (1). The Commission should therefore ensure that this aid is routed via the most reliable channels.

22. The Community has also concluded bilateral trade and/or cooperation agreements with a number of Latin American countries (the latter category is increasingly becoming the vehicle for cooperation between the two parties), such as

(a) non-preferential trade agreements in accordance with Article 113 of the EEC Treaty with:

- Argentina (1971); the agreement was not renewed after 1980 at Argentina's request;
- Uruguay (1973); the agreement is still in force but has been frozen for the same reasons;
- Brazil (1973); this agreement was superseded by the cooperation agreement with this country.

These three trade agreements contain most-favoured nation clauses and import concessions for certain products such as beef, coffee and cocoa. Trade agreements on textiles have also been concluded with Argentina, Bolivia, Brazil, Colombia, Ecuador, Guatemala, Peru and Uruguay as part of the Multifibre Arrangement.

(b) non-preferential framework cooperation agreements between the Community and

- Mexico (1975),
- Brazil (1979).

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(1) see paragraph 5 of Jackson opinion (annex)

The negotiations on the conclusion of a cooperation agreement between the Community and the members of the Andean Pact (Bolivia, Colombia, Ecuador, Peru and Venezuela) were deferred as a result of the political situation then prevailing in Bolivia. As democracy has since been restored in Bolivia, it may well be that this agreement can be signed before the end of the year.

23. The abovementioned cooperation agreements are sub-divided into two categories relating respectively to commercial or economic cooperation between the Community and the countries concerned. A joint committee consisting of representatives of the Community and the country concerned is responsible for supervising the implementation of each of these cooperation agreements.

24. The Committee on External Economic Relations has considered on a number of occasions the practical value of these cooperation agreements. The Commission's answer is usually that this depends on the progress made by the joint committee in implementing the agreement. The Committee on External Economic Relations nevertheless cannot help feeling that these agreements have as yet produced practically no concrete results (this being in no way intended as a criticism of the Commission). So far the importance of these cooperation agreements has therefore been more political than economic.

25. Finally since 1971 there has been the 'dialogue' introduced under the Declaration of Buenos Aires between members of the Community and the Ambassadors of the Latin American countries in Brussels (GRULA) which takes the form of regular meetings. These meetings were shelved towards the end of 1979 because Cuba by virtue of its accession to SELA (Sistema economica latino americana) automatically became a member of GRULA but is not recognized diplomatically by the Community; (at this time the practical value of the dialogue was very limited). After Cuba had given an undertaking to the Latin American countries not to attend meetings with the Community, the dialogue was resumed in May 1981 albeit in a different form. In the 'renewed dialogue' the parties agreed to introduce different types of meetings:

- firstly, meetings of a more technical nature between GRULA (particularly the Latin American countries interested in a specific problem) and representatives of the Commission;

- and, secondly, meetings between GRULA and the Permanent Representatives of the Member States in Brussels (twice a year), with three sessions in each of which
  - a report on the meeting with the Commission representatives is submitted,
  - certain problems are identified, analysed and discussed together with the ambassadors concerned,
  - a final declaration is adopted at an official plenary session.

26. These meetings are for discussions of commercial matters (including industrial, scientific and technological cooperation). Although this does not fall directly within its terms of reference, the Committee on External Economic Relations wonders whether in the light of recent events in the South Atlantic it would not be advisable to include purely political topics, matters relating to human rights, social affairs, etc., in this dialogue.

27. The first meeting between the two parties as part of the renewed dialogue took place at the end of 1981. Apart from the conventional issues such as commercial matters and the adjustment of the CAP ('Mandate of 30 May'), discussions centred around two other topics, namely

- (a) cooperation in the energy sector: The parties agreed to extend gradually cooperation in the energy sector and to focus in particular on the most rational use possible of the energy available. It was decided that the Commission should organize a seminar on this topic in Latin America with special reference to the problems of energy saving. It is important in this context to bear in mind paragraph 37 of the final Act of Bogota in which there was a reference to the need for close cooperation between both parties in the field of energy and the exploitation of raw materials. In our view, contacts between the Commission and the Latin American authorities must pave the way for public and private undertakings to explore and possibly exploit the energy resources available in the best way possible for Latin America.

(b) Development of rural areas, particularly in the context of (vocational) training. The Community recognizes that this area is of cardinal importance for cooperation between both parties and that it must be given priority in the financial and technical aid for non-associated developing countries. The Committee on External Economic Relations supports these proposals, of course, but would point out that given the scale of the problem, the Community can only make a modest contribution to its solution as long as the resources available for financial and technical aid (which in 1980 amounted to 30 million ECU) remain at their present level. A further condition is that our Latin American partners put forward suitable projects.

28. For the purposes of implementing its development policy the Community is already cooperating successfully with the Inter-American Development Bank (IDB), a financial institution founded in 1959 with the aim of promoting economic and social development in America. The IDB comprises not only Latin American countries but also prosperous nations including many European countries and the United States. The American share of IDB capital amounts to roughly 40% but the Americans clearly intend to make substantial savings here as with the World Bank. The IDB operates on the international capital market and in 1981 took up loans amounting to a record \$786.8 million.

29. The IDB provides loans for specific projects with high priority being given to the energy sector (40% of total lending) and the agricultural sector (27.7% of total lending). The Bank also works together with other international institutions such as the World Bank and the European Community; on 4 November 1981 the Bank concluded an agreement with the Community under which the Community is to provide 2 million ECU to finance small undertakings in rural areas of Latin America.

30. The Committee on External Economic Relations would stress the value of the Bank as an instrument for cooperation with developing countries as it gives the Community the opportunity to coordinate its activities in this sphere with other industrial nations, particularly the United States.

31. This report would not be complete without consideration of the possible effects of Spanish and Portuguese accession on relations between the Community and Latin America. Some observers expect a great deal to come from this, others are more sceptical. Clearly, there can be no certainty but it is reasonable to assume that the political and cultural links with Latin America are likely to be strengthened by the accession of these two countries. No Member States are better equipped than Spain and Portugal to act as the spokesmen for Latin American interests in the Community.

32. The situation is less clear when it comes to economic and commercial relations. One positive aspect is that currently more than half of all Spanish investments abroad are made in Latin America. Possibly this fact, combined with Spanish accession, may encourage investments in Latin America from other Member States. As far as the effects on trade are concerned, it is likely that the access of Latin American goods to the Spanish and Portuguese market will be made easier once these countries have adopted the liberal import arrangements of the Community. There is however a risk that the forthcoming accession could lead to reduced Latin American competitiveness on the Community market in the case of competing products. The increased level of Community self-sufficiency in a number of agricultural products might increase the already considerable resistance in the Community to agricultural imports from third countries. The expansion of the Community to the South will also undermine existing Community preference systems, particularly for other Mediterranean countries, and this is likely to be offset, at least in part, to the detriment of countries elsewhere.

33. On the other hand Latin America will be subject to considerable competition from Spain and Portugal in the case of certain products or type of products on the markets of the Ten. This is particularly true of textile goods and certain agricultural products (such as cereals, meat and sugar), which Spain and Portugal will then be able to export without restriction to other Member States of the Community. Accession is likely to have a positive effect in statistical terms as Latin America's share of Community imports will rise slightly.

EUR 10 Trade<sup>(1)</sup> with Latin America

(Source: United Nations COMTRADE data base, Geneva)

Table 1

Importance of Latin America in the Total Trade of the Community

	1963	1968	1973	1978	1981
	%				
<u>EC IMPORTS FROM :</u>					
Total Extra-EC	100.0	100.0	100.0	100.0	100.0
- All Developing Countries	40.0	38.5	37.6	40.7	42.4
- Latin America	9.5	7.6	6.7	5.4	5.5
<u>EC EXPORTS TO :</u>					
Total Extra-EC	100.0	100.0	100.0	100.0	100.0
- All Developing Countries	34.3	29.9	28.2	39.0	41.4
- Latin America	7.0	6.6	5.7	5.3	5.6

Table 2

Growth in total EC Trade

1963 = 100

	1963	1968	1973	1978	1981
<u>EC IMPORTS FROM :</u>					
Total Extra-Ec	100	137	311	672	1001
- All Developing Countries	100	132	292	684	1063
- Latin America	100	111	219	386	581
<u>EC EXPORTS TO :</u>					
Total Extra-EC	100	154	350	779	1061
- All Developing Countries	100	134	287	885	1279
- Latin America	100	145	287	593	844

(1) All tables are based on trade data in value terms.

Table 3

Structure of EC Trade with Latin America  
by Product Groupings

	1963	1968	1973	1978	1981
%					
<u>EC IMPORTS</u>					
All Products	100.0	100.0	100.0	100.0	100.0
Basic Products	74.1	71.8	77.5	74.2	55.3
- Agricultural Products	66.7	61.5	68.4	65.2	43.0
Fuel Products	15.0	10.4	4.9	5.2	25.8
Industrial Products	10.6	17.6	17.2	20.0	18.1
<u>EC EXPORTS</u>					
All Products	100.0	100.0	100.0	100.0	100.0
Basic Products	6.9	6.5	7.0	7.0	8.4
Fuel Products	0.4	0.5	0.9	1.0	0.7
Industrial Products	91.6	91.5	90.8	90.2	88.3

Table 4

Growth in EC Imports of Agricultural Products <sup>(1)</sup>

1963 = 100

	1963	1968	1973	1978	1981
<u>EC IMPORTS FROM :</u>					
Total Extra-Ec	100	103	205	324	344
All Developing Countries	100	98	186	337	331
Latin America	100	102	225	378	391

(1) Food, beverages, skins, oil-seeds, nuts, rubber, wood, natural textile fibres, animal and vegetable fats and oil, starch and flour, other animal and vegetable products.

Table 5

Importance of Latin America in the Imports of  
Basic Products <sup>(1)</sup> by the Community

	%				
	1963	1968	1973	1978	1981
<u>EC IMPORTS FROM :</u>					
Total Extra-EC	100.0	100.0	100.0	100.0	100.0
- All Developing Countries	42.5	39.4	38.3	43.5	39.8
- Latin America	13.7	13.3	14.7	15.8	15.4

Table 6

Importance of Latin America in Imports of  
Agricultural Products by the Community

	%				
	1963	1968	1973	1978	1981
<u>EC IMPORTS FROM :</u>					
Total Extra-EC	100.0	100.0	100.0	100.0	100.0
- All Developing Countries	45.1	42.7	40.8	46.9	43.3
- Latin America	14.5	14.4	15.8	16.9	16.4

(1) SIIC 0+1+2+4 = Food, Beverages, Raw Materials, Oils (non-mineral) and Fats.

Table 7

Importance of Latin America in Imports of  
Fuel Products <sup>(1)</sup> by the Community

	1963	1968	1973	1978	1981
<u>EC IMPORTS FROM :</u>					
Total Extra-EC	100.0	100.0	100.0	100.0	100.0
- All Developing Countries	82.9	87.0	88.9	81.1	78.5
- Latin America	9.0	4.6	1.7	1.1	2.5

Table 8

Importance of Latin America in the Exports of  
Industrial Products <sup>(2)</sup> by the Community

	1963	1968	1973	1978	1981
<u>EC EXPORTS TO :</u>					
Total Extra-EC	100.0	100.0	100.0	100.0	100.0
- All Developing Countries	35.6	30.5	28.7	39.6	42.8
- Latin America	7.9	7.1	6.2	5.7	6.2

(1) SIIC 3 = Mineral Fuels, lubricants and related materials.

(2) SIIC 5+6+7+8 = Chemicals, Manufactured Goods, Machinery and Transport Equipment.

OPINION OF THE COMMITTEE ON ENERGY AND RESEARCH

Draftsman: Mr Jaak VANDEMEULEBROUCKE

At its meeting of 7 July 1982, the Committee on Energy and Research appointed Mr VANDEMEULEBROUCKE draftsman of an opinion.

The Committee considered the draft opinion at the meeting of 24 November 1982 and adopted it unanimously.

The following took part in the vote: Mrs WALZ, chairman; Mr GALLAGHER, vice-chairman; Mr SELIGMAN, vice-chairman; Mr IPPOLITO, vice-chairman; Mr VANDEMEULEBROUCKE, draftsman; Mr ADAM, Mrs ANGLADE, Mr CALVEZ (deputizing for Mr PINTAT), Mr FUCHS, Mr GALLAND, Mr HERMAN (deputizing for Mr RINSCHÉ), Mr KELLET-BOWMAN (deputizing for Sir Peter VANNECK), Mr LINKOHR, Mr MARKOPOULOS, Mr MORELAND, Mr MULLER-HERMANN, Mr NORMANTON, Mr PEDINI, Mr PETERSEN, Mr PURVIS, Mr PETRONIO, Mr ROGALLA, Mr ROGERS (deputizing for Mr PATTISON), Mr SASSANO, Mr SALZER, Mrs THEOBALD-PAOLI, Mr VERONESI and Mrs VIEHOFF (deputizing for Mrs LIZIN).

1. The notion of inter-regional energy agreements (eg western Europe - Latin America) is a valid and important one; such agreements would represent an important step towards the "world energy plans", the possibility of which is evoked in the Final Declaration of the 5th Interparliamentary Conference (EP/Latin American Parliament) (para 56), and which will be needed in order to ensure a just and optimal use of the world's rare expendable energy resources within a peaceful framework.

2. The above-mentioned Final Declaration reflects the concern of elected representatives of the European Community and of the Latin American states for energy problems in general, and for closer cooperation in this field wherever possible. It refers to "closer cooperation" (para 37), "joint projects" (38), transfer of technology (40), a European contribution, above all financial and technical, to research in the industrialised countries into "new and above all less costly energy sources" in order to ensure access to these for developing countries (55), world energy plans (56), "cooperation in the field of energy", in particular a fund, to be financed by EEC and OPEC, for "rationalisation and energy saving, substitution and development of energy sources principally in the countries of the third world" (57), and trilateral contracts (oil producers - industrialised countries - developing countries) (58).

3. While the desirability of international cooperation in the energy field is widely realised, in particular where oil supplies are concerned, little progress has been made in finding valid formulae, not least since the trade patterns and industrial structures vary so vastly from one energy sector to another, and a balance of interests is thus hard to establish. The obstacles to effective cooperation can be technical, economic, institutional or political, and need to be carefully assessed before an attempt is made to conclude overall arrangements.

4. The motion for a resolution refers to the creation of a multi-country oil company by the state oil companies of Mexico, Brasil and Venezuela. The primary aim of this is reported to be the prospection and exploitation of new resources in Latin America. It has been suggested in the specialised press that there might be scope for arrangements whereby cooperation with this company was matched by oil supplies on guaranteed terms.

5. Neither the motion for a resolution nor the Bogota Final Declaration make any reference to cooperation in the nuclear energy field. It is worth recalling that the Community (Euratom) has long-standing bilateral agreements with several Latin American states on cooperation in this area. In addition, far-reaching agreements on the supply of nuclear technology and know-know have been concluded between some Member States - in particular the Federal Republic of Germany - and certain Latin American states (Brasil, Argentina), not all of them signatories of the non-proliferation treaty. In view of recent political events, it is worth recalling the importance of taking all possible measures, political as well as technical, to guard against the proliferation of nuclear weapons among states which have not hitherto possessed them.

6. There is no specific mention, either, of alternative energy sources. It is worth recalling that some Latin American countries (eg Brasil) have made considerable progress with such sources, eg with biomass (methanol as a substitute for petrol), and that the Community countries could well benefit from their experience in the framework of any energy agreements.

7. The idea of a "long-term outline convention with the 26 OLADE member states" is put forward in paragraph 1 of the motion for a resolution. Whilst this clearly constitutes a desirable long-term political goal, it is far from certain that the institutional framework exists on either side for concluding a meaningful convention of this kind. Awareness of the lack of progress towards

7. a Community energy policy, establishing clear priorities and goals, or a basis for joint commitments to outside partners, must also be a reason for caution.

8. The Bogota Declaration, which (it is suggested in the motion for a resolution) should be taken into account in such a convention, refers to transfer of technology. It is important to recall that in the energy field as elsewhere the accent is increasingly put upon the transfer of appropriate technology; it therefore seems correct to insist in the first place on an effort in the area of research into new energy sources, with a view to assisting the developing countries.

9. In view of these considerations, the Committee on Energy and Research is of the opinion that the Committee on External Relations should incorporate into its report and resolution the following elements:

- (i) the idea of a long-term outline convention with the OLADE states though it is to be welcomed in principle, would be premature in the absence of a clearer picture of the potential for cooperation, of a valid institutional framework, and of a Community energy policy;
- (ii) the Parliament calls on the European Commission, in close cooperation with OLADE, to make a far-reaching study of the potential for cooperation between the Community (and its western European partners) and the Latin American states in all areas of energy production and trade.

The Commission should also examine:

- what scope there is for cooperation in the field of research and technology;
- whether the limited aid currently granted by the Community to OLADE could usefully be increased;

9. (ii) - whether there is a basis for either an OPEC-EEC arrangement or for the kind of three-cornered agreements referred to in the Bogota Final Declaration,

and should report on this to the Parliament.

- (iii) cooperation in the energy field should be one of the principle subjects of the next interparliamentary conference (European Parliament/Latin American Parliament), and should be prepared as fully as possible on both sides.

OPINION

of the Committee on Development and Cooperation

Draftsman : Mr Christopher JACKSON

On 24 November 1981 the Committee on Development and Cooperation appointed Mr Chr. Jackson draftsman.

It had a first exchange of views at its meeting of 24 February 1982.

It considered the draft opinion at its meeting of 2 April 1982 and adopted it with one abstention.

Present : Mr Poniatowski, Chairman; Mr Chr. Jackson, draftsman; Mrs Caretoni Romagnoli, Mr Cohen, Mr de Courcy Ling, Mr De Gucht, Mr Enright, Mr Ferrero, Mr Fuchs G., Mr Ghergo (deputizing for Mrs Cassanmagnago Cerretti), Mr Michel and Mr Pearce.

Opinion of the Committee on Development and Cooperation provided to the Committee on External Economic Relations on the motion for a resolution on the economic and commercial relations between the European Community and Latin America (1).

The opinion is expressed in the form of preambular and operative paragraphs for inclusion in the report of the Committee on External Economic Relations.

#### PREAMBULAR

- (1) Having regard to the fact that all Latin American countries are counted among the developing countries of the world, but that, even so, great disparities of wealth and development exist within and between these countries,
- (2) Believing that Latin America cannot be treated as a totally homogeneous entity but that European Community actions should take account of the precise economic, social and political circumstances of each country,
- (3) Having regard to the desire expressed by Latin American countries for closer relations with the European Community and the significance of such relations in the light of Spanish and Portuguese applications for membership,
- (4) Recalling the Final Act of the Fifth EEC - Latin American Interparliamentary Conference (2) and in particular its paragraphs 16 and 32 which stress the existence of a link between the economic and social development aided by the Community and the promotion of human rights and fundamental freedoms ; and acknowledge that a selective approach in the relations between the European Community and Latin America would increase the chances of achieving real results,
- (5) Recalling the resolution of the European Parliament calling for a more effective help to be provided to non-associated countries (3),

#### OPERATIVE PARAGRAPHS

1. Calls on the European Community to be open to a gradual restructuring of the Latin American export trade from agricultural products and raw materials towards manufactured goods,
2. Asks the Commission, in consultation with the Latin American countries, to propose means by which the European Community could encourage the processing of raw materials in their countries of origin - e.g. by promoting European investment - having due regard to the interests involved both in Latin America and in the European Community,

(1) Doc. 1-406/81

(2) PE 70.678

(3) OJ N° C11/195, 18.1.1982

3. Calls for the European Community System of Generalised Preferences to be adapted in line with the level of industrial development in the beneficiary countries and on a product by product basis,
4. Stresses the usefulness of the Community aid programmes - Food Aid, Aid to Non-Associated Countries, Emergency Aid - provided that they are directed towards the poorest categories of population,
5. Welcomes the prospect of the imminent accession of Spain and Portugal to the Community, and notes that this should encourage a still closer relationship between the Community and Latin America,
6. Proposes that consideration be given to the establishment of new legal frameworks for commercial and development relations between the European Community and certain states or groups of states in Latin America as referred to in the Final Act of the Fifth EEC-Latin American Interparliamentary Conference,
7. Instructs its Committee on Development and Cooperation to investigate the advantages and disadvantages of offering certain Latin American countries a special cooperation agreement, having regard to the needs and resources of the countries involved and of the European Community.

## Basic Indicators

	Population (millions) mid-1978 <sup>a</sup>	Area (thousands of square kilometers)	GNP per capita				Adult literacy rate (percent) 1975 <sup>a</sup>	Life expectancy at birth (years) 1978	Average index of food production per capita (1969-71 = 100) 1976-78
			Dollars 1978 <sup>a</sup>	Average annual growth (per- cent) 1969-78 <sup>a</sup>	Average annual rate of inflation (percent)				
					1969-70 <sup>a</sup>	1970-78 <sup>a</sup>			
44 Honduras	3.4	112	480	1.1	3.0	8.0	87	84	
49 Bolivia	6.3	1,099	610	2.2	3.5	22.7	63	111	
54 El Salvador	4.3	21	660	1.8	0.5	10.3	82	111	
56 Peru	18.8	1,285	740	2.0	9.9	22.2	72	90	
58 Nicaragua	2.5	130	840	2.3	1.9	11.0	57	102	
59 Colombia	25.6	1,139	960	3.0	11.9	21.7	87	114	
60 Paraguay	2.9	407	850	2.8	3.0	12.3	81	103	
61 Ecuador	7.8	294	880	4.3	..	14.8	74	103	
63 Guatemala	6.6	109	910	2.9	0.1	10.8	47	108	
73 Mexico	66.4	1,973	1,290	2.7	3.5	17.5	76	99	
74 Panama	1.8	78	1,290	2.9	1.6	7.5	78	103	
78 Chile	10.7	787	1,410	1.0	32.9	242.6	66	94	
79 Costa Rica	2.1	81	1,540	3.3	1.9	15.7	90	114	
79 Brazil	119.5	8,512	1,570	4.9	45.1	30.3	76	117	
80 Uruguay	2.9	178	1,610	0.7	51.1	85.6	94	105	
81 Argentina	28.4	2,787	1,910	2.6	21.8	120.4	94	114	
85 Venezuela	14.0	712	2,910	2.7	1.3	11.1	62	97	

 Population Growth, Past and Projected,  
and Hypothetical Stationary Population<sup>a</sup>

	Average annual growth of population (percent)		Projected population (millions)		Hypothetical size of stationary population (millions)	Assumed year of reaching net reproduction rate of 1	Year of reaching stationary population
	1969-70	1970-78	1980	2000			
44 Honduras	3.1	3.3	4	7	15	2030	2090
49 Bolivia	2.5	2.8	6	9	20	2030	2120
54 El Salvador	2.9	2.9	5	8	14	2015	2075
56 Peru	2.8	2.7	18	29	57	2025	2090
58 Nicaragua	2.9	3.3	3	5	9	2020	2080
59 Colombia	3.0	2.3	27	39	57	2005	2070
60 Paraguay	2.6	2.8	3	5	9	2015	2075
61 Ecuador	3.1	3.3	7	14	28	2020	2080
63 Guatemala	2.8	2.9	7	12	23	2025	2085
73 Mexico	3.3	3.3	70	118	205	2015	2075
74 Panama	2.8	2.6	2	3	4	2006	2065
78 Chile	2.1	1.7	11	16	19	2006	2070
79 Costa Rica	3.4	2.6	2	3	5	2005	2065
79 Brazil	2.9	..	125	201	345	2015	2075
80 Uruguay	1.1	2.3	3	4	4	2005	2070
81 Argentina	1.4	1.3	27	33	41	2006	2065
85 Venezuela	3.4	3.3	16	24	40	2010	2070

## I. SURVEY OF THE ECONOMIC SITUATION IN LATIN AMERICA

Latin America is comprised - since the recent accession to independence of Belize - of 20 countries<sup>1</sup> which are representing slightly more than 310 mio inhabitants on approximately 20 mio sq. kms.

In spite of the importance of Brazil and of the fact that all Latin American countries are developing countries in the category of the middle income countries<sup>2</sup>, therefore with no least developed countries among themselves, Latin America still represents a great variety of economic situations:

- 3 countries (Argentina, Brazil, Mexico) are among the group of newly industrialising countries (NICs);<sup>2</sup>
- 2 countries (Ecuador, Venezuela) are OPEC members;
- 3 countries (Bolivia, Mexico, Peru) are net-oil exporters;
- the GNP per capita in the 2 poorest countries (Honduras, Bolivia) is in a proportion of 1 to 6 compared with the GNP per capita of Venezuela, the highest in the region;

More specifically :

- . 5 countries (Honduras, Bolivia, Guyana, El Salvador, Peru) with a population of more than 30 mio people are below a level of GNP per capita of 750 US dollars,
- . 10 countries, with a population of more than 75 mio people, are below a level of GNP per capita of 1000 US dollars;
- during the 1970-1979 period, the yearly average increase of GNP per capita was :
  - . negative in the case of Nicaragua
  - . less than 1% for Panama and Peru
  - . less than 2% in the case of Argentina, Chile, Honduras, Mexico, El Salvador, Uruguay
  - . 3.8% for Colombia, 4% for Ecuador, 4.5% for Paraguay and 5.9% for Brazil,

<sup>1</sup>With the exception of French Guyana which is a French Overseas Department (D.O.M.)

<sup>2</sup>According to the international classification agreed upon e.g. by the IBRD, OECD

- In 1979 and 1980 the inflation rate was equal to or higher than 20% in 11 countries with rates of about 80% in the case of Brazil and still higher in the case of Argentina;

In the appreciation of global statistics relating to the various countries account needs to be taken of the existence of important disparities between categories of population or regions within the different countries : "countries like Brazil suffer deficiencies typical of those affecting the poorest countries and in Brazil whole categories of population have just enough or hardly enough to live"<sup>1</sup>. This opinion is confirmed by the FAO which indicates that, in the 1972-1974 period, 46 mio people in Latin America got a supply of food below the critical level<sup>2</sup>.

## II. COMMERCIAL RELATIONS BETWEEN THE EEC AND LATIN AMERICA

The share of Community trade with Latin America within its whole trade with the third countries went down - concerning its imports - from 5.5% in 1971 to 5% in 1980<sup>3</sup> and - as regards its exports - from 6.3% to 5.3%.

50% of Community imports in 1979 came from Brazil and Argentina and up to 67.3% of its imports were originating from the 2 above-mentioned countries plus Chile and Venezuela.

Throughout the whole 1970-1979 period these 4 countries have constantly been the major Community trading partners as regards its imports from Latin America.

In 1979 the breakdown of Community imports by category of products was as follows :

. food products	:	46%
. raw materials	:	31%
. mineral fuels	:	7.5%
. manufactured products	:	15%

Brazil and Argentina supplied respectively 48.1% and 14.8% of the manufactured products exported towards the Community.

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<sup>1</sup>M. Vergeer, Opinion on the cooperation agreement between the EEC and Brazil, Doc. 1-529/80, p. 32

<sup>2</sup>FAO "The Fourth World Food Survey" cited in the Annex of the Ferrero report on the European Community's contribution to the campaign to eliminate hunger in the world, p. 54 - Doc. 1-341/80/Ann.1, p.4

<sup>3</sup>Including Belize, Guyana, Surinam and French Guyana. All the other statistics exclude these 3 countries and this territory but include Cuba, Haiti and the Rep. Dominica.

10 products accounted in 1979 for 57.3% of the Community imports out of which :

- . 5 agricultural products : coffee (16.3%), soya beans (4.6%), fresh fruit (4.6%), meat (3.2%), cereals (2.2%)
- . 1 processed agricultural product : oil-seed cake and meal (7.2%)
- . 3 raw materials : copper (6.5%), iron ore and concentrates (5.3%), crude petroleum (3.8%)
- . 1 processed raw-material : petroleum products (3.6%)

In 1979, 86.5% of the Community exports to Latin America were manufactured products.

The European Community imported from Latin America in 1977 23% of its whole imports of food products originating from third countries, 15% of its imports of fertilizers and raw minerals and 11% of its imports of non-ferrous metals.

The dependence of the European Community is particularly high concerning the following products : ores and concentrates of tin (62%), bananas (59%), coffee green and roasted (54%), meat and fish meal (51%), oil-seed cake (44%), iron ores and concentrates (29%), ores and concentrates of zinc (28%), copper (26%), ores and concentrates of lead (26%), soya beans (22%), ores and concentrates of nickel (19%), cotton (17%).

As regards the Latin American countries, only one product accounted in 1979 for more than 50% of the exports to the EEC in 8 cases, this product being coffee in 4 countries, and 3 other countries were relying upon 2 products to reach this export level.

### III. LATIN AMERICA WITHIN THE FRAMEWORK OF THE COMMUNITY'S DEVELOPMENT POLICY

Two of the Latin-American States - Guyana and Surinam - are members of the Lomé Convention. They benefit from the dispositions of this Convention, the implementation of which has recently been closely studied within the framework of the ACP-EEC Consultative Assembly.<sup>1</sup>

These two countries as well as Belize - which became recently independent and expressed the wish to join the Lomé Convention - and French Guyana do not fall within the scope of this opinion.

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<sup>1</sup> OJ N° C15/13, 20.1.1982

The European Community does have various contacts at multilateral level with the 17 states of continental Latin America :

- Since 1970 regular meetings between the Latin American Ambassadors accredited to the Community and the Permanent Representatives of the Member States and the Commission,
- Since 1977 contacts with the Permanent Secretariat of the Latin-American Economic System (SELA),
- Since 1979 contacts with the Group of Latin American Ambassadors (GRULA) which has been established by the Council of Ministers of SELA to act as the Community's interlocutor in the EC-Latin American dialogue,
- Since 1979 regular meetings with the secretariat of the Central American Common Market,
- Since 1979 the Community undertook negotiations with Andean Pact countries for the conclusion of a framework agreement for economic and political cooperation. These negotiations were broken off in 1980 and have not yet been resumed,
- Since 1974 the European Parliament and the Latin-American Parliament met five times to debate principal political and economic issues.

At bilateral level, the Community signed contractual arrangements with some Latin-American countries :

- a framework commercial and economic cooperation agreement signed with Brazil in 1980 (replacing the non-preferential trade agreement of 1974) with a five year validity,<sup>1</sup>
- a non-preferential agreement on economic and commercial cooperation signed with Mexico in 1975, initially valid for five years, then renewed annually,
- a non-preferential trade agreement signed with Uruguay in 1973 and renewed every year,
- agreements on trade in textile products with Argentina, Brazil, Colombia, Guatemala, Mexico, Peru and Uruguay concluded in accordance with the GATT Multifibre Arrangement and valid until the end of 1982.

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<sup>1</sup>Opinion by M. Vergeer on a draft regulation concerning a cooperation agreement between the EEC and Brazil, Doc. 1-529/80, p.28



PROPOSITION FOR A RESOLUTION (DOCUMENT 1-406/81)

presented by Mr KLEPSCH, Sir James SCOTT-HOPKINS and Mr SEELER

in accordance with Rule 47 of the Rules of Procedure

on economic and trade relations between the European Community and Latin America

The European Parliament,

- having regard to the historical and cultural links between Europe and the Latin-American countries,
  - whereas it is necessary to subject economic and trade relations between the European Community and Latin America to a thorough analysis to enable them to be rationalized, and thus improved, by such measures as may be proposed,
  - having regard to the Final Act adopted at the Fifth European Community/Latin America Interparliamentary Conference held in Bogota from 25 to 28 January 1981, and particularly paragraphs 32 to 48 thereof,
  - whereas it is desirable that views should be expressed on the Final Act, especially with regard to trade and cooperation between the European Community and Latin America,
1. Instructs its relevant Committee to examine and report on economic and trade relations between the European Community and Latin America having regard in particular to the relevant paragraphs of the Final Act adopted at the Fifth European Community/Latin America Interparliamentary Conference.

MOTION FOR A RESOLUTION (DOCUMENT 1-254/82)

tabled by Mr R. LINKOHR

pursuant to Rule 47 of the Rules of Procedure

on relations between Latin America and the European Community in  
the field of energy policy

The European Parliament,

- A. having regard to the Final Declaration of the 5th Interparliamentary Conference (EP/Latin American Parliament) in Bogota in 1981,
- B. having regard to the 12 Conference of OLADE (Latin American Energy Organization) Member States in Santo Domingo in November 1981,
- C. having regard to Latin America's energy policy requirements and the possibilities of cooperation between Europe and Latin America,
- D. having regard to the support which OLADE receives from the European Communities (\$ US 2 million in 1980),
- E. in view of the joint declaration on the creation of a multinational oil company signed by Mexico, Brazil, and Venezuela in October 1981,
  1. Requests the Commission and the Council of Ministers to draw up and conclude a long-term outline convention with the 26 OLADE Member States;
  2. Further requests that this convention should take into account the recommendations of the Bogota Conference;
  3. Expresses the desire that this cooperation should also encompass the fields of research and technology;
  4. Requests the President to forward this resolution to the Commission and the Council.