

**Spain, the European Union and Latin America:
a renewed cooperation for Sustainable Development**

REPORT





– Report –

**SPAIN, THE EUROPEAN UNION AND LATIN AMERICA:
A RENEWED COOPERATION FOR SUSTAINABLE DEVELOPMENT**

(Casa de América - Madrid, 16 and 17 January 2023)

Opening remarks

Hosted by Fundación Carolina under the auspices of Fundación ICO, this international seminar was celebrated at Casa de América (Madrid) on 16 and 17 January 2023 as a space to reflect upon and discuss the renewed cooperation among Spain, the European Union (EU) and Latin America. The opening session was attended by the Secretary of State for International Cooperation, Pilar Cancela; the President of Fundación ICO, José Carlos García de Quevedo; the Director of Fundación Carolina, José Antonio Sanahuja, and the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission (HR/VP), Josep Borrell.

In her opening remarks, Pilar Cancela underscored the decisive influence that development cooperation can have in strengthening relations between the EU and Latin America, making special mention of the role that the Spanish cooperation system, currently experiencing a process of renewal, has to play. She also focused on the singularity and identity of Spanish cooperation with Latin America, which is rooted not only in a shared language and values, but also on its multidimensional nature and mutual understanding. To this end, Ibero-American cooperation is based on the idea of a dialogue that aims to work in a cross-cutting, symbiotic way to bring about people-centred sustainable development.



Pilar Cancela

Cooperation with Latin America is based on cross-cutting, symbiotic dialogue to bring about people-centred sustainable development





Likewise, she noted, this cooperation is framed within the broader context of EU-Latin America bi-regional relations, which are admittedly facing a challenging moment, with currents of opposition to multilateralism and democratic institutionality stirring within both regions. Consequently, there is a need to renew a social contract that curbs deepening social vulnerabilities—aggravated by the pandemic—while also tackling the illiberal threats plaguing both Latin American and European countries.

Against this backdrop, she explained, there are two major windows of opportunity opening up in 2023. On the one hand, the deployment of the new Law on Cooperation for Sustainable Development and Global Solidarity, which represents a starting point for adapting the Spanish model to the challenges of the international community. The goal is to support the institutional capacities of partner countries, while mobilising their internal resources to improve their public policies. This will enable them to meet the social needs that their citizens demand and, consequently, to counteract a faltering trust in public institutions.

On the other hand, it is important to seize the opportunity that the Spanish Presidency of the Council of the EU and, in particular, the celebration of the EU-CELAC Summit, have to offer. This will lay the foundations for a renewed bi-regional relationship, one in which the ties between the Union and the region will be intensified, prioritised and institutionally consolidated.

In this regard, the President of ICO, José Carlos García de Quevedo, also spoke about the relevance of the relationship between the EU and Latin America, highlighting two aspects: i) the need to work together towards sustainable growth, based on both environmental and institutional factors in defence of democracy and the rule of law; and ii) the importance of backing the business and financial aspects of the bi-regional relationship, treating it like a public-private partnership. He also noted that the EU-CELAC Summit in Brussels will be supplemented with a Business Summit and joined by the first meeting of Ministers of Economy and Finance of EU countries and Latin America, which will be held in September in Santiago de Compostela. In this framework, José Carlos García de Quevedo concluded by highlighting the role of financial institutions such as the ICO, as well as national and multilateral counterparts in Latin America and Europe (European Investment Bank, CAF-Development Bank of Latin America, Inter-American Development Bank, FONPLATA, Central American Bank for Economic





Integration, Bancomext, etc.), in promoting a sustainable economy and supporting the development of Euro-Latin American business projects.

José Antonio Sanahuja then spoke about the seminar in the context of an international panorama that corresponds to a period of “interregnum”, in which the crisis of economic globalisation and the liberal global order has been compounded by Russia’s illegal invasion of Ukraine. This is not only complicating recovery in the region, where the post-pandemic poverty rate stands at 32% and the extreme poverty rate at almost 14%—a 25-year setback—but is also making it harder to fairly navigate the triple transition (digital, green and social) that our societies are facing.

Nonetheless, this scenario is precisely what makes the renewal of EU-Latin America relationships more necessary than ever. In fact, the war in Eastern Europe has not diminished but rather heightened the EU’s interest in the region, coupled with other factors for forging stronger ties: Brazil’s return to CELAC as a forum for consultation and dialogue for external actors; the celebration of the Ibero-American Summit in Santo Domingo in March 2023; the Spanish presidency of the Council of the EU in the second half of the year; and the moment of doctrinal and political renewal that Spanish cooperation is experiencing, which is supported by a significant increase in resources. All of this, noted the director of Fundación Carolina, should serve to elevate bi-regional relations to the highest political level and also promote Euro-Latin American cooperation through the Global Europe financial tool.



Josep Borrell

With the Spanish presidency of the Council of the European Union, it is time to resume political dialogue at the highest level with Latin America and the Caribbean. Now is the time to switch into high gear



Finally, the HR/VP closed the opening session with a video message expressly recorded for this seminar, underscoring the importance of deepening the Euro-Latin American ties in 2023, promoting a qualitative leap in what he calls “the other transatlantic relationship”. It is crucial, in this sense, to begin with a structural analysis of the Latin American region that moves beyond the current crises (which are certainly of concern) to understand that Latin America and the Caribbean are at a critical moment of transition, one marked by the challenge of progressing towards more sustainable development against a backdrop of heightened geopolitical tensions, enormous inequalities and social polarisation. More specifically, he said, managing the three major transitions requires a special focus on social cohesion, since the digital transformation and the green transition will either be achieved in a fair and democratic way, or it will not be an orderly and peaceful transition. From this standpoint, the EU must intensify its relations with the region on the basis of stable and continuous efforts, and in defence of a multilateralism that calls for reform, given that the international distribution of power and wealth is radically different today than it was in 1945. It is here, finally, that the notion of “strategic autonomy”, applied both to the EU and to Latin America and the Caribbean, becomes fully meaningful, understood not in terms of isolation or autarchy, but rather in terms of cooperation and mutual trust, since this is what being autonomous is all about: having trustworthy partners.

1st session. European Union and Latin America in Global Geopolitics.

In line with the opening remarks, one of the common points of this first session was the recognition of 2023 as a “unique” strategic year to strengthen the EU’s relationship with Latin America and the Caribbean. For Javier Niño, Director for the Americas at the European External Action Service (EEAS), the strained relationship in recent years was the result of shared responsibilities, a sense of “complacency” (in seeing Latin America and the Caribbean as a trustworthy partner, and the lack of a stable interlocutor from the region). After looking back at the historical links between the two regions since 1999, he concluded that this relationship can be rekindled ahead of the EU-CELAC Summit, scheduled for July 2023, and regarded as the “starting point” of the “turning point” in how Latin America sees Europe, and how Europe sees Latin America. This “renewed interest” is framed within the perspective of a “partnership of equals”, under the “principle of co-responsibility”, in which both parties can contribute to the final result.

Along the same lines, and from a standpoint of CELAC’s “challenges and opportunities”, Martín Schapiro, Assistant Secretary for International Strategic Affairs of the Presidency of the Argentine Republic, referred to the concept of “polycrisis” as an overlapping of





several challenges that are currently reconfiguring the very notion of State sovereignty. From this perspective, the dilemma facing Latin American countries should not be underestimated, since they struggle between maximising their sovereignty with “individual solutions”, which suggests subordinate alignment with one of the actors in the system with greater relative power; or advancing in the structuring and coordination of positions with a view to having their own voice in the discussions that shape the emerging world order. In this sense, CELAC has a number of tasks ahead that it sees as challenges and opportunities, including the following major ones: (i) preserving Latin America as a zone of peace; (ii) safeguarding democracy; (iii) participation in the redefinition of the global rules of the game; (iv) generating joint interventions in multilateral forums; (v) promoting new areas of work; (vi) strengthening an institutional structure that enables multilevel political dialogue in different areas under the idea of “active regional diplomacy” while enhancing networks that promote integration; and (vii) progress in the Paris climate commitments and aspects related to climate change.



José Antonio Sanahuja

The current scenario for Europe is based on three pillars: the European Green Pact; the Next Generation EU funds and the Recovery Plan; and the pursuit of greater strategic autonomy

The director of Fundación Carolina, José Antonio Sanahuja, discussed the concept of “polycrisis”—based on the work of Edgar Morin and Anne Brigitte Kern—as the succession and convergence of overlapping and interrelated crises that create a negative feedback spiral that amplifies their effects and leads to even more challenging situations. One of the aspects he highlighted within this conception is the need to put forward holistic solutions that address the model as a whole; this is a paradox for the system, which has difficulties in coordinating this necessary comprehensive response.

Connected to the concept of polycrisis, and under the Gramscian premise that “the old is dying and the new cannot yet be born”, José Antonio Sanahuja proposed the concept of





“interregnum” to refer to the post-crisis stage that began in 2008, characterised by systemic instability and the erosion of existing consensus, intensified in recent years by, among other things, political fragmentation, public disengagement, the pandemic and, more recently, the consequences of Russia’s invasion of Ukraine. Against this backdrop, he posed the question: what policies can Latin America and the EU deploy individually and jointly to emerge from this interregnum? This question makes sense in a context in which Latin America has been an absent stakeholder, one without agency or global reach, which has incapacitated itself as a regional actor by paralyzing and dismantling its regional political coordination and integration groups, and by becoming a space of geopolitical dispute for other system stakeholders. It is within this framework that the willingness to bring CELAC back to life stands out, provided that its role as a mechanism for political coordination is understood.

As for Europe, José Antonio Sanahuja believes that the current scenario is more promising than the previous one (2010-2013), characterised by a collective response that transcends the context of the pandemic, and is based on three pillars: i) the European Green Pact; ii) the Next Generation EU funds and the Recovery Plan for Europe; and iii) the pursuit of greater autonomy or strategic sovereignty, which, along with other elements, promotes the use of renewable energies. To this end, the REPower EU Plan is another major factor that contributes to the three-pronged transition. These pillars represent a shift in European foreign policy, which recognises energy security as an essential element and is looking for new energy partners. However, whether this relationship with third parties will usher in a new extractivist period, or whether the promotion of renewable energies will be compatible with reindustrialisation and the capacity to generate greater added value in the economies of Latin America and other developing countries, remains to be seen. In any event, and as a final thought, Sanahuja said that there will be no way out of the interregnum, certainly not in a fair, legitimate and viable way, without new social pacts.

Hugo Camacho, secretary general and managing director of Fundación Carolina and moderator of the roundtable, allowed several questions for the speakers. The first raised the need for *Global Gateway* investments to be adjusted to a discourse adapted to Latin America and the Caribbean, including the reference to shared values in terms of social cohesion, rule of law or rules-based multilateralism. In response, the Director for the Americas at the EEAS said that the transformative potential of *Global Gateway* should be assessed based on its capacity to contribute to the triple transition; however, the question is not to increase investments in Latin America and the Caribbean, but rather to approach the relationship from the perspective of co-responsibility and partnership,





considering the responses that the countries of the region will give. To this end, he noted that the importance of initiatives such as *Global Gateway* and trade agreements should not detract from the main objective: to succeed in getting the region and the EU strategic partners to promote a model of society based on shared values.

A second question asked about the deepening of strategic autonomy in the framework of the EU-Latin America relationship. According to José Antonio Sanahuja, connecting the green pacts that are being implemented in the EU and that are already being adopted in Latin America, as well as advancing common positions in multilateral forums and on the global agenda (with its own unique voice) are crucial aspects that will serve as a basis for bi-regional strategic autonomy. The Assistant Secretary for International Strategic Affairs of the Presidency of Argentina mentioned energy security and food security as two additional points of relevance for strategic autonomy.

2nd session. “Fair Transitions”: Social, Recovery and Sustainable Development Agendas in the EU and Latin America.

This session covered four topics: i) partnerships for a green transition; ii) the challenges and lessons of the Recovery, Transformation and Resilience Plan in Spain and the EU; iii) the Chilean government’s proposal for “turquoise diplomacy”; and iv) lessons and challenges for “fair transitions”.

Following this order, Rita da Costa, policy analyst at the Organisation for Economic Co-operation and Development (OECD) Development Centre, focused on three elements to identify the partnerships to develop.



Rita da Costa

The green transition is a central component of the renewed social contract, and must reinforce cross-cutting spaces for dialogue, putting well-being at its core



The first is the significance of the green transition for the EU-Latin America relationship, which is seen as a mutually beneficial opportunity when taking into account, on the one hand, the region’s natural resources and, on the other, the ‘four pitfalls’ of its development process: environmental, social, productive and institutional. Against this backdrop, the green transition is crucial as a driver of the renewed social contract, provided that spaces for public policy dialogue are consolidated and alliances are forged—at the state and private sector levels—with systemic and cross-cutting approaches and placing well-being at the forefront of the exchange. The second element is the transformative role that the green transition can have, particularly in the financing of development and fiscal policies in Latin America, by considering debt-for-climate action swaps, for example, or involving a transformation of the production matrix through industrial policies, with a circular and blue economy, and in which reskilling is gaining ground. Finally, she outlined the options for approaching these partnerships, where a common bi-regional narrative based on the creation of a new development model and on promoting country approaches that manage to link development plans and national strategies with existing EU instruments is imperative.

Santiago Fernández, head of the Monitoring Unit of Spain’s Recovery, Transformation and Resilience Plan, underscored how the plan and the Next Generation EU Funds have changed the EU’s vision of how to manage crises, with the key being not only investment, but also reforms, the solidarity yardstick under which resources are allocated, and the existence of joint European action. This plan and these funds are seen as an opportunity, both in terms of the volume of resources received and in terms of their capacity to contribute to the triple transition. In this sense, they should be directed towards priorities that determine Spain’s future beyond aspects of infrastructure that were once a priority, under the four pillars identified by the government: green transition, digital transition, social cohesion (including gender equality) and territorial cohesion. The Recovery, Transformation and Resilience Plan allocates a large part of the resources to vocational training, R&D&I, strengthening universities, as well as changing public policies, in which the transformation and digitisation of public administration will play a transcendental role.

The third topic was addressed by Cristóbal Bywaters, executive director of Nueva Política Exterior, who explained the origins of the Chilean proposal for ‘turquoise diplomacy’ as part of a project developed with the Friedrich-Ebert-Stiftung (FES) Foundation and the Institute for International Studies, which led to the publication of the book called *Nuevas*





voces de política exterior en 2021 (New Foreign Policy Voices in 2021). This concept refers to a play on words that comes from the combination of the colours green, representing the protection of biodiversity, and blue, representing the protection of the oceans. Part of its purpose is to bolster the existing climate agenda, as well as to highlight the challenges faced by foreign policies in the framework of the interregnum discussed by José Antonio Sanahuja. Equally important, it recognises the capacity that foreign policy must have to connect with citizens in order to have public legitimacy in contexts where it is challenged by disruptive forces. ‘Turquoise diplomacy’ is currently included in the public policies of the Chilean Ministry of Foreign Affairs and has been perceived since the last administration of Michelle Bachelet as one of the country’s long-standing commitments to the protection of the environment.

Andrea Costafreda, Programme Director for Latin America for Oxfam Intermón, addressed the final topic of this session: lessons and challenges for a fair transition, using the following statement as part of her analysis: “transitions have winners and losers”. Using the findings of Oxfam Intermón’s report *La ley del más rico: gravar la riqueza para acabar con las desigualdades (2023) (The Law of the Richest: Taxing Wealth to End Inequality)*, she argued that the most vulnerable groups contribute the least to the climate crisis, but suffer the negative impacts, receive minimal or no compensation, have hardly any say in the fight against climate change, and risk not benefiting or being impacted by it. Thus, Oxfam’s proposed framework for “fair green transitions” are: i) process justice, so that those who are affected have a voice; ii) distributive justice, which requires a fair distribution of responsibilities, costs and benefits; iii) recognition justice, which implies that the concerns and violations of certain groups are included in public policy diagnosis and design; and, iv) restorative justice, which ensures fair compensation for people and groups.



Andrea Costafreda

The most vulnerable groups contribute the least to the climate crisis and suffer the greatest impacts, with hardly any say in the fight against climate change.

Eva del Hoyo, General Director of Development Policies (DGPOLDES) and session moderator, picked the main questions concerning the topics discussed. The first focused on the potential Latin America has for facing the triple transition in a fair way, with additional financial resources. The sources of these resources were also discussed: debt-for-climate swaps, blended finance or development banking? In response, Rita da Costa emphasised the need for cooperation under a holistic vision that transcends Official Development Assistance. She also said that tools and stakeholders like national, regional and multilateral development banks have not been used intensively and should be incorporated, stressing the importance of recapitalizing on the latter.

The second question opened a discussion on the experience of EU member states in terms of the Recovery, Transformation and Resilience Plan. Santiago Fernández noted that it was important to consider the reality of each member state and mentioned the experiences of Italy and Spain—at the forefront of the implementation of the plan in terms of disbursements and objectives—as positive. He also mentioned the cases of countries such as Poland and Hungary, which are blocked due to non-compliance with certain key EU policies. In any event, it is worth reflecting on the flexibility of the mechanisms available to accelerate the implementation of the Funds.

The discussion also focused on how to implement the ‘turquoise diplomacy’ proposal in the region, as well as in the EU-CELAC relationship. Cristóbal Bywaters referred to the Chile-led Coalition of the Americas for the Protection of the Ocean as a space that will create inputs for the debate. He also pointed out that Sustainable Development Goal (SDG) 13 was an important foundation on which to build a bilateral agenda. Finally, the last question was directed at identifying the role of civil society in the EU-CELAC Summit. Andrea Costafreda remarked that business and industry meetings were scheduled in the Bi-regional Roadmap 2022-2023, but that there was no meeting





specifically for civil society, although this did not necessarily imply that different social stakeholders were not going to meet and cited the Summit as an opportunity to reclaim this space.

3rd session. “Green Partnerships” and EU-Latin America Green Transition

The third session addressed issues related to the green transition and the prospects for the EU-Latin America and the Caribbean relationship in consideration of trade and integration. The economic role that China plays in Latin America was also analysed. In this sense, one of the issues to include in the green transition is to think about how partnerships can be forged for an “international green business”, as Leonardo Stanley, associate researcher at the Centre for the Study of State and Society (CEDES), suggested. His presentation was based on Karl Polanyi’s theoretical notion of the “great transformation”, which he linked to the polycrisis concept discussed in the first session, and John M. Keynes’ concept of “uncertainty”, which he associated with climate change. Based on these premises, he argued that as a forgotten region, Latin America needs to adopt changes and place the green transition at the forefront from an investment and financing perspective, whilst also thinking about moving beyond oil as the main commodity, pointing out the resistance of the energy sector.

Leonardo Stanley raised an inevitable question involved in this transition: who bears the risks and who gets the rewards? In terms of the risks, these would be all those technologies and assets that would fall into disuse, like stranded assets; the rewards, on the other hand, could be or are already being taken by those who benefit from imposing carbon taxes at the border, which is why the region’s governments should think about how to appropriate this revenue. There are other global risks within the green transition: climate, financial and “spillover” risks, when the country does have a say in this energy transition; in addition, he pointed to the loss of biodiversity, productivity and resilience. For these reasons, policy measures, capital controls on extractive energy sector funds, moving towards a different foreign investment system and transforming existing bilateral and free trade agreements will be essential.

Latin American and Caribbean countries are working on environmental policies and there is public awareness of what is going on. With this in mind, Fazia Pusterla, representative from the Inter-American Development Bank (IDB) in Europe, opened her presentation by identifying four areas in which the European Green Pact affects the region: i) the EU’s Carbon Border Adjustment Mechanism (CBAM), ii) biodiversity, iii) energy, and iv)





gender. The first would affect exports of a group of carbon-intensive products of which the countries of the region are the main exporters. For this reason, preventing “potential frictions” within the incrementalism of the mechanism is necessary via support and the design of suitable measures to address this issue.

In terms of biodiversity, there are similarities between the EU and its strategy to combat deforestation and restore biodiversity and the positive perception of the region’s countries and their citizens with regard to these issues. Consequently, bi-regionalism should be built on a dialogue based on technical support that contemplates the adaptation of production standards and respect for the international inclusion strategy of Latin American and Caribbean countries, preventing these initiatives from being seen as obstacles. Regarding the energy sector, the transition to European decarbonisation requires new technological paradigms, since the challenge of electromobility requires the use of materials that are found in the region (lithium, copper and nickel). Finally, she acknowledged that gender-related issues are one of the greatest difficulties in terms of job creation and employment policy efforts and represent one of the major challenges of the fair transition.



Félix Fernández-Shaw

The Global Gateway initiative should identify projects in the region that involve social, green and digital components and build public-private partnerships

Félix Fernández-Shaw, Director for Latin America and the Caribbean at the European Commission’s Directorate-General for International Partnerships (INTPA), opened his presentation by noting that among the scheduled responsibilities for 2023 is the organisation of the EU-CELAC Summit, a fundamental space where the two sides can identify what they intend to work on together. In terms of the interests of the EU, he said that the transition to a decarbonised future should be socially oriented and fair, and that the initiative should be backed by partners. The interests of Latin America and the Caribbean are oriented towards job creation, social inclusion, green transition, digital





transition, capacity building and training. In this sense, both agendas share a common focus on transformative, sustainable and productive investment, which is already being pursued by European companies in the region. Therefore, in view of the Summit, the key projects in each Latin American and Caribbean country should be identified within the European *Global Gateway* initiative by means of an investment plan that includes the three elements (green, digital and fair) while at the same time creating public-private partnerships.

To close this session, Lourdes Casanova, Director of the Emerging Markets Institute at Cornell University, joined the discussion via videoconference to analyse China's presence and influence in Latin America, a country that has emerged as the leading trading partner in South America, accounting for 30% of Brazil's exports and 40% of Chile's exports. It has also established around 6,000 companies, including Huawei and the power line project led by the State Grid Corporation of China, in the region. She noted that China invested more than 158 billion dollars between 2005 and 2020, yet paradoxically it has gone from being one of the largest providers of loans to Latin America to offering none at all, as was the case in 2020-2021. However, both loans and investments have demonstrated that the relationship with the region's countries transcends politics and ideology because they are granted indiscriminately to the governments in power. On the other hand, China is also taking an interest in investing in Latin American state-owned companies (evidenced by cases like the now Chinese-owned CPFL in Brazil) and its investments are not only linked to the exploitation of natural resources but are already making inroads into the services and telecommunications sectors. Additionally, the region is joining forces to promote the use of digital currencies and reduce dependence on the dollar. However, from a critical perspective, although China is a strategic partner for Latin America, the reverse is not the case, given that China seeks to diversify its partners and avoid dependence, and is expected to focus its attention on emerging countries in the future.

Anna Terrón, director of the FIIAPP and moderator of this third roundtable, summarised the main questions posed by the audience. The first question referred to concrete examples of green and gender transition programmes with positive effects and results. The IADB representative in Europe highlighted the efforts made to support the Ministry of Labour of Ecuador in implementing its strategy for the promotion of green jobs. This includes the implementation of a coordination committee that ensures coherence between policies, training and investment funds, incorporating the gender component. In addition, the IADB was consulted on the initiatives planned, particularly in Central America; on





this point, Fazia Pusterla identified connectivity, energy and road integration, and biodiversity as the challenges and opportunities that need to be worked on with this sub-region.

The following question focused on the new European geopolitical paradigm and how the EU sees its relationship with Latin America in terms of identifying shared priorities. Leonardo Stanley said that progress in the fight against the climate emergency and the loss of biodiversity was a mutual priority, although he acknowledged that the EU had a geopolitical interest in securing certain minerals that are found in the region. He also pointed out that the revenue from the carbon tax at the border should not be forgotten, and that to prevent the various sectors involved from losing interest, measures should be taken to reduce the “environmental costs” and to generate resources. Lourdes Casanova added that in negotiations, Latin American countries should not be required to protect green areas without first compensating them fairly for doing so.

In the same vein, Félix Fernández-Shaw recalled two fundamental issues for building a green and digital agenda with the region. The first is that Latin America and the Caribbean has its own agenda that must be considered to avoid risks in any attempt at investment operations. In this respect, it is important to identify what the region intends to do and how it intends to do it. The second issue is that Europe needs to promote public-private partnerships to foster a fair green and digital transition. Consequently, a Global Gateway investment agenda cannot be designed without taking the private sector into account, although the focus cannot be solely on economic and commercial profitability or strategic pre-positioning, but must contemplate local added value, guaranteeing the inclusion of the different sectors of society and gender equality.



Anna Terrón

Because of the urgency, the identity of the problems and the imperative need: the green agenda is the agenda!



Another of the questions raised concerns about the domestic politics of Latin American and Caribbean countries, specifically the issue of the relationship of some elites and local businessmen with the region’s authoritarian regimes, in that they refuse to engage in real competition and to open up to more equitable models. In response, Leonardo Stanley painted a bleak picture, given that, in his opinion, there are very closed sectors (for example, agribusiness in Brazil) that have no intention of giving up their profits. Finally, the round of questions closed with a statement from Anna Terrón, on the EU-Latin America relationship: “because of the urgency, the identity of the problems and the imperative need: the green agenda is the agenda”.

4th session. New Strategies and Instruments for EU-Latin American Cooperation

In the opening remarks for the fourth roundtable, San Bilal, Senior Executive of the European Centre for Development Policy Management (ECDPM), revisited the concept of “polycrisis”, arguing that it is a constant in today’s world and that while it is important to make long-term projections, it is also necessary to factor in these crises so that they can be dealt with, and to rethink the work that is currently being done between the EU and Latin America and the Caribbean. Furthermore, it is crucial to consider the impact of the crisis in each country because this determines the type of needs and collaboration.

When discussing Latin America in comparison with other partners, the region shares the same democratic principles and values, the same aspirations and concern for climate change, which is a point of departure for commitments on both sides. Within this relationship, it is necessary to prioritise ties with the private sector and to think about how incentives can be applied to stimulate and facilitate investment. Furthermore, smaller producers should not be excluded because of their lack of capacity to comply with all regulations; this is where banks and development agents play a key role in training them to comply with these regulations. Finally, Bilal reflected on the strategic role that the EU wants to play in a context of competition with multiple players in the international system, noting that the EU may not be prepared to respond to this question, beyond establishing green and digital goals. In any case, Europe needs to think about how to combine aid and strategy, striving to be more active in development cooperation and taking a cautious approach to initiatives such as *Global Gateway*, which he defined as “attractive, but delicate”.





Fernando Torija, from the European Investment Bank (EIB), acknowledged that the EU may not have the expected presence, particularly in Latin America, due to the fact that the region has not been a priority. However, he added to the positive expectations that Spain’s presidency of the Council of the EU, which will begin in the second half of 2023, will be an opportunity to boost this relationship. In terms of project co-financing, Brazil is the country that has the greatest collaboration with the EU (around 40% of funds). Over the past 30 years, the EIB has supported 150 projects totalling more than €13 billion in 15 Latin American countries, and a major record was set in 2022, with \$1.6 billion in financing, almost doubling the historical figure for 2019. Some of the most important projects are currently underway in El Salvador (climate action and COVID response); Brazil (hydroelectric, energy efficiency and mobility in urban areas); Argentina (rehabilitation of the Buenos Aires metro and waste collection); Peru (climate component, energy efficiency and renewables projects); Bolivia (water sanitation); Ecuador (post-earthquake reconstruction); and multisectoral projects under the FONPLATA Regional Framework Agreement.

Continuing the discussion on EU-Latin American cooperation instruments, Christian Asinelli, corporate vice-president of Strategic Programming at CAF-Development Bank of Latin America, presented two key figures that provide an idea of how important this organisation is for the region. The first totals \$14 billion, which the CAF used to finance 31 investment projects and programmes; the second totals \$28 million earmarked for technical cooperation. As a common and cross-cutting element in most of the presentations, he recognised the relevance of Spain’s presidency of the Council of the EU as a key factor in continuing CAF’s work in Europe, adding the importance of the EU-CELAC Summit, and the subsequent meeting of the Ministers of Economy, Finance and Finance of the member countries of both organisations, which will be held in September in Santiago de Compostela.

The focus of CAF’s agenda includes cities, green transition, digital transformation, human development and the private sector. As far as development cooperation instruments are concerned, CAF classifies them into four groups: the first is called Special Funds and includes the Technical Cooperation Fund (TCF), the Investment and Business Development Fund (IBDF) and the Technical Cooperation Fund for the Caribbean, which seeks to mitigate the effects of climate change in the region. In the second group are the Resource Catalytic Instruments, which aim to mobilise resources from international funding sources under co-financing, as well as the Green Funds. The third group is known as Knowledge Sharing, which includes cases like the Ecuador-Spain debt swap. The





CELAC framework, one of the issues identified is that there is no single position and, although the EU-CELAC Summit is an opportunity, it should be noted that progress will not be made with all the countries in the region. Progress will be made on a bilateral basis, since differences between the different countries will continue to exist, not only in terms of ideology but also in terms of needs, as well as in the degree of importance that civil society places on promoting ‘green’ changes within Latin American and Caribbean countries.

The final round of questions opened up a series of relevant issues for debate. The first focused on promoting the value of Latin America’s historical heritage, and the possibility of importing a European conservation model. Christian Asinelli noted that CAF-Development Bank has a heritage conservation strategy that will be presented at the International Tourism Fair (FITUR) in 2023. On the other hand, Fernando Torija stated that, although there is an EU institute within the EIB that collaborates with entities that promote conservation and restoration, this organisation does not finance historical heritage because it falls outside the scope of its policies and objectives.

The second topic tackled the political dimension and how synergies between financial instruments and states are created to implement green and digital transitions, in the framework of a renewed development cooperation. Christian Asinelli pointed out that his agency does not engage in domestic policies but interacts with several national institutions and regional organisations. Specifically, it works with universities on governance, innovation and leadership, helping to train leaders and executives. Fernando Torija said that the EIB “does not make policy yet tries to influence policy as much as possible”.

The third topic in this round of questions was related to the private sector’s adoption of the Environmental, Social and Governance (ESG) taxonomy, under what Professor Bradford calls the “Brussels effect” (the EU’s ability to adopt regulatory criteria that end up becoming global standards). Given that the ESG taxonomy has profound implications in terms of certification, and that the European Commission establishes “what is sustainable” and “what is not”, the question is how to apply the taxonomy to development finance operations in Latin America. In addition, there is the question of how to prevent these standards, adopted in line with the EU’s climate and decarbonisation ambitions, from becoming de facto barriers in Latin American countries, which are calling for more dialogue so that these regulations do not lead to new protectionism.





San Bilal stressed that the European Commission should play a key role in the implementation of the ESG taxonomy and that a collective effort should be made by all member states. In addition, he pointed out the relevance of the EIB as a bridge between policy makers, other development banks and agencies and the European Commission, so that progress can be made in implementing the ESG taxonomy together. In this regard, Fernando Torija reported that the EIB developed a specific taxonomy in line with the Paris Agreement and made the institutional decision not to finance any investments in gas. Likewise, in terms of imposing standards in other regions, he predicts that this is what will end up happening, just as it has happened in the past. In turn, the CAF-Development Bank of America stated that the institution will finance gas as a transitional energy, arguing that this will help “transition” towards other energies and create fiscal space in Latin America and the Caribbean. In addition, reference was made to the fact that several projects are currently being developed in Peru, and that the Néstor Kirchner gas pipeline will be financed in Argentina.

The fourth topic of the round of questions included the discussion of raw materials and infrastructure in Latin America and the Caribbean, and thoughts on how to avoid a new cycle of extractivism. On this point, although energy autonomy is necessary, Fernando Torija questioned where the finished product that the EU is expected to finance, for example wind farms and solar panels, will come from. As an answer, he suggested that it might be necessary to “rethink” mining in order to finance this autonomy. In conclusion, Lorena Ruano mentioned that the extractivist cycle is already entrenched in the region. However, given the enormous resources and revenues it generates, it would be best if the benefits were to stay there. Furthermore, this extractivist cycle should be coupled with a series of measures by both EU and national governments, but especially by civil society, because it is civil society that will be able to exert pressure and demand labour, environmental and rights.

Closing session and conclusions

The closing session kicked off with a message by Laura Gil Savastano, Vice-Minister of Multilateral Affairs of the Colombian Ministry of Foreign Affairs, which was recorded specifically for the seminar. She identified two areas in which the country will participate in the international environmental agenda: the first is unilateral, in which it intends to assume a proactive role in global discussions in favour of Latin America and the Caribbean. The second is regional, a position from which it will seek to create spaces for achieving high-impact transformations, stimulating trade and sustainable investment.





Thus, Colombia’s regional and hemispheric commitments involve restoring, rebuilding and protecting the Amazon as a strategic asset, and constructing new narratives that abandon the false dichotomy between sustainability and prosperity, as well as the duality between developed and developing countries, given that the countries of the global South do not see themselves as “underprivileged”. This is not incompatible with a regional reindustrialisation in which the entire value chain for the production of clean energy is installed in Latin America. To this end, a fair energy transition must safely, holistically and progressively drive productivity towards an economy with fewer negative impacts on the environment, from a sustainability-based approach that benefits Latin American and Caribbean countries, and in which multilateralism plays a fundamental role.



Closing session

It is crucial to consider the social aspect as a cornerstone of the green and digital transitions to ensure that they are fair

To conclude the seminar, at the final roundtable Lucinio Muñoz, Director of Fundación ICO, and Juan Fernández Trigo, Secretary of State for Ibero-America, the Caribbean and Spanish in the World, spoke of the need that both regions have to achieve bilateral recognition and called for the strengthening of regional institutions as a way of restoring dialogue and sustaining it over time, as long as there is a stable interlocutor.

Finally, the Director of Fundación Carolina, José Antonio Sanahuja, underscored the richness and intensity of the seminar and summarised the main ideas put forward, which are presented below.

1. The need to “kick things into high gear” in EU-Latin America relations, as recommended by the HR/VP, Josep Borrell. This is framed within the discussion on historical change (considering concepts such as ‘polycrisis’, ‘interregnum’ and ‘great transformation’) and ‘systemic change’ or ‘change of cycle’, taking into





account the post-pandemic context, the war in Ukraine, the geopolitical struggle with China, the willingness to commit to green transition and the recovery of regional cooperation in Latin America after Brazil’s return to CELAC. All this calls for a renewed vision of EU-Latin American cooperation and dialogue.

2. The importance of the following spaces for dialogue: the EU-CELAC Bi-regional Roadmap 2022-2023, the Ibero-American Summit (2023), the EU-CELAC Summit (2023) and the forthcoming Spanish Presidency of the Council of the EU. Likewise, the relevance of the new Law on Cooperation for Sustainable Development and Global Solidarity that Spain has adopted and the significant increase in its Official Development Aid, as they provide responsible institutions with more resources and better instruments.
3. The relevance of the recovery of political dialogue, and more specifically, the need for a “green political dialogue” that makes it possible to relaunch the existing multilateral framework between the EU and Latin America. In this sense, there is a need to move beyond simply demanding fair financing and address regulatory issues that deal with the system’s institutional architecture.
4. The importance of the social factor as a cornerstone of the green and digital transitions to ensure that they are fair transitions, when faced with societies that are clearly experiencing a deterioration in social indicators.
5. The importance of the EU-Latin America relationship being cross-cutting in nature, one between equals, notwithstanding the asymmetries in capacities and responsibilities that exist.
6. The need to come to terms with the difficulty that transitions pose, because they will raise policy dilemmas in Latin America and the EU that will require resolution.
7. The importance of joint learning and innovation. Broad and holistic agendas must be pursued that include financing, but also reforms. The region’s contributions to the environmental and ocean conservation agendas must also be considered.
8. The importance of a holistic approach to resource mobilisation, under a comprehensive financing for development agenda based on the following: fiscal space, fiscal reforms and domestic resource mobilisation, external financing, and the role of multilateral and regional development banks and financial institutions in both Latin American countries and the EU. This involves joint efforts on the necessity to mobilise investments, to consider ways that do not imply debt, and to engage in investments with sustainability criteria.
9. The relevance of the *Global Gateway* initiative and the importance of resolving the dilemma between its geopolitical and investment agenda, on the one hand, and





its political nature and social component, on the other, as a key to the renewed partnership between the EU and Latin America and the Caribbean.

10. The importance of engaging civil society in terms of the required social legitimacy and ownership of the transitions to ensure fairness. Beyond fostering dialogue, the conditions for making it possible must be supported.

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Videos of the sessions

- Opening remarks, first and second sessions
<https://www.youtube.com/watch?v=Dxd1cf91x1w&t=1434s>
- Third session
https://www.youtube.com/watch?v=rjraTZE_OIM
- Fourth session and closing
<https://www.youtube.com/watch?v=sU5Os1E18XA>