# Stronger partnership between the European Union and Latin America

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**COMMISSION'S IMPACT ASSESSMENT**

*For further information regarding the context of this issue, please refer to the summary of the Commission's Communication to the Council and the European Parliament: A stronger partnership between the European Union and Latin America – COM(2005)0636 of 8 December 2005.*

**1- POLICY OPTIONS AND IMPACTS**

**1.1- Option 1:** the Commission has chosen a politically, economically and socially consistent approach which anticipates the possible development of certain countries (that might become regional powers) and sub-regions.

The opportunities that a partnership with Latin America offers should be fully exploited. It is important, in particular, to point out a number of challenges:

- firstly, the existing political dialogue between the two regions must be made more relevant and effective: currently, the role of both regions on the international scene does not fully reflect the political and economic weight they have as regional groups;

- secondly, a practical means of stimulating economic and trade relations between the two regions needs to be found: despite a significant increase in trade and investment flows over the past 15 years, their growth potential has been under-utilised;

- to avoid jeopardising long-term stability in Latin America, the EU needs to support its efforts, in particular, in the following areas: social inequality, poverty and exclusion; migration; democratic governance; illicit drugs and organised crime and the environment;

- the EU needs to adapt its policies to take greater account of Latin American diversity.

To meet these challenges the Commission proposes:

- stepping up and focusing political dialogue with Latin American partners;

- creating a climate favourable to trade and investment;

- supporting the efforts of countries in the region to contribute to stability and prosperity;

- cooperating more effectively and increasing mutual understanding.

**1.2- Option 2**: another option would have been not to have proposed a new strategy for the moment and to continue pursuing existing policy, in spite of the changes that have occurred in both regions and at international level over the past ten years. This would have sent a negative signal to our Latin-American partners. There has been a perception that Europe has been ignoring the region: this may reflect the fear that the EU is too absorbed by its own enlargement, its immediate neighbours or problems elsewhere in the world.

*CONCLUSION*: given the general nature of the Communication, it has not been possible to analyse how the positive and negative impacts could have been compared for each of the recommendations of the chosen option (Option 1).

**IMPACTS**

Given the general and political nature of the Communication and the number of interested parties, it has not been possible to undertake a quantitative analysis of the economic, social and environmental impacts. Nevertheless, certain trends can be discerned.

If the recommendations are implemented by all the parties concerned, the proposed strategy should have positive political, economic, social and environmental impacts.

The expected results would be:

- improved understanding between the two regions allowing the development of real alliances on subjects of mutual strategic interest;

- a strengthening of the basic values shared by both regions;

- a stronger voice for the EU and Latin America on the international political scene, thanks, in particular, to the improved follow-up of recommendations from the Summits held between the two regions;

- a strengthening of multilateralism and improved world governance;

- an increase in trade and investment flows between the two regions;

- new opportunities for economic operators;

- higher levels of economic growth;

- improvement in the standard of living of those people concerned;

- practical measures to work together to fight climate change and follow a path of sustainable development;

- improved consistency in the EU's cooperation and development policy in the Latin American region.

**Impact on the EU** would be both political and economic. It is intended that the EU will further develop its influence in the world arena, forge new alliances within international organisations and increase its visibility. From an economic point of view, there would be a revival in its exports to and investment in Latin America. New jobs could thus be created.

**Impact for Latin America**: given that this Communication relates to foreign affairs, the impact is expected to be greatest on the third countries concerned. The long-term objective is to arrive at a better distribution of wealth, fairer tax policies and the greater access of the general public to public and social services. What advantages are to be expected of greater sub-regional integration in Latin America? The EU considers that regional integration is essential to increase the economic attractiveness of the region, to reduce its vulnerability and to increase its influence in international bodies. Lastly, the Commission wants to play a more active role in crisis prevention and reduce potential sources of conflict. It wants Latin American citizens to regain their confidence in their countries' political institutions and confirms the choice of democracy made in the 1990s. This should result in a more stable region in the long term.

## 2- FOLLOW-UP

The Commission will ensure that the guidelines laid down in this Communication are incorporated in the programming phase when Country and Regional Strategy Papers are being drawn up, and, in particular, that priority is given to social cohesion aspects.