



**EUROPEAN COUNCIL
THE PRESIDENT**



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**Remarks by President of the European Council
Herman Van Rompuy
at the IV CELAC-EU Business Summit closing ceremony**

As you know, during each of my visits to partner regions and countries, I attach great value to exchanging with the business community. And even more today, as we meet upon the occasion of the very first Summit between the European Union and the Community of Latin America and Caribbean Countries (or CELAC, as it is also known), which was created in 2010.

The European Union is a firm believer in regional cooperation and integration and the benefits it brings in terms of fostering growth, development and security. And Latin America and the Caribbean is a region of a strategic relevance for the European Union. A common culture, a common history, common values and interests bring us closely together.

Though this may be the very first time we hold a summit in this configuration, but of course our cooperation goes back a very long way. The "strategic partnership" that unites our two regions is, without doubt, an important asset, which supports business, trade and investment across the Atlantic, as well as all kinds of ties between people – cultural ties, academic exchanges and tourism.

In economic terms, a clear demonstration of this closeness is that today the EU is the first investor and the second trading partner for Latin America and the Caribbean. Our trade flows have doubled over the last decade. European investment in your region is higher than in all other emerging economies. Quite simply, Latin America and the Caribbean are a key market for European companies.

The other side of the coin is that the European Union offers a lot of opportunities to Latin American and Caribbean companies. We can offer a huge open market, of more than 500 million citizens.

P R E S S

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We have a legal framework that offers security, stability and predictability for exchanges and investments. This has started to attract foreign direct investment from Latin America and the Caribbean, reinforcing the already strong trend towards more symmetrical economic exchanges.

In order to remain attractive and to become an actor of stability again, the EU has had to address huge challenges in the past year. But I am now in a position to give good news to you: The eurozone is no longer in "existential threat" mode. 2012 has been a turning point. An enormous amount of work has been done over the last 12 months by countries all across the Union. We are now much better able to deal with the type of shocks that we have seen during the crisis. We are also reforming our economies and improving their competitiveness. In addition, we are addressing the gaps in our Economic and Monetary Union, with great determination to reinforce our financial framework and bring our economic and budgetary policies closer. And the project of the banking union is already well advanced.

The stability we managed to re-establish is vital for economic recovery. But we have to be realistic: there will be a time lag before growth picks up from this return to stability, and there will also be some time before we see the positive effects on unemployment. We have however to enhance our structural economic growth through – as I mentioned – reforms in our product, services and labour markets and through stronger competitiveness.

But, Excellencies, Ladies and Gentlemen, the potential of our relations is far from being fully exploited. Many win-win opportunities are within easy reach and waiting to be grasped. I am convinced we can do so.

And by "we", I mean first and foremost the companies you all represent. You are the key actors for what we want to achieve together: quality investment which leads to growth and overall socio-economic development, including in terms of social inclusion and environmental sustainability.

What are the elements necessary for these investments to happen? At the very basis are the values that we share: peace, democracy, the respect of human rights and of the rule of law. Without this, quality investment will not take place.

A second condition is security. Investments and investors need to feel secure and protected. Countries facing security problems need to address them in order to be able to attract quality investment. But the concept of security extends also to the sphere of legal security. Companies wishing to invest need to be certain that the rules of the game will not be suddenly changed. Who would take the risk of investing otherwise?

A third element is the overall context for entrepreneurship. There is no doubt that the easier it is for entrepreneurs like yourselves to set up and run businesses, the better a country can attract quality investment.

I believe that our longstanding cooperation has helped to provide a foundation. And it will continue to do so. European support will be there to achieve further development, but it will also adjust to the new realities and needs of the various partner countries: business development, R&D, innovation, environmental sustainability and support to improve infrastructures will be at the centre of many activities.

Why? Because the European Union is convinced that these are the key vectors for sustained socio-economic development. These are key vectors to boost job creation and growth, which is our common and ultimate goal. And we know we have to reach it.

We are attempting to provide you with the right framework for your activities. In the absence of a comprehensive global agreement in the Doha round, the EU has decided to pursue its free trade agenda by alternative ways and work with bilateral Free Trade Agreements. We currently already have trade agreements with Central America, with Peru and Colombia, with Mexico and with Chile. We also work with Caribbean countries in the framework of the joint EU-Caribbean strategy. And we are negotiating for an Association Agreement with MERCOSUR. We hope that these negotiations can be concluded as soon as possible.

A few words now on the interaction between quality investment, growth, social inclusion and environmental sustainability.

Quality investment is particularly positive for growth and development. Its aim is to be rooted in local society, to contribute to it. It does so by offering decent job opportunities, improving conditions for workers and respecting their rights; diversifying the local economy; promoting innovation and R&D; addressing environmental concerns; and engaging in corporate social responsibility. There is no doubt that countries which are able to attract this sort of investments will benefit from them.

From the companies' perspective, aiming for this kind of quality for their investment should not be seen as a burden. On the contrary. It will help to ensure the long term sustainability and success of their operations. It is also the best way to be recognised by authorities and citizens as contributing to socio-economic progress. I am sure that, as businessmen, you realise the long-term benefits that this scenario can bring to the companies that make the effort to "do the right thing".

How can the political sphere contribute to this? My answer is: by providing the right framework and offering the right instruments. Since 1999, our Strategic Partnership has been constantly enriched through dialogue, cooperation and a series of trade and association agreements.

These elements have helped to secure legal security and open markets against the temptation of protectionism – which history has shown to be a dead end. And they have contributed to our exchanges for the benefit of both regions. But we should not be complacent. Existing instruments are not yet fully utilised. And there is always room for improvement. This is why in a few hours the political leaders of sixty countries will sit together.

What I have outlined to you just now are some of the main ideas that President Barroso and I, and our fellow European leaders, will be promoting during the debate. If the political sphere and the business world on both sides are able to work hand in hand on the basis of shared values and objectives the whole of society will benefit. I know it is an ambitious goal. We can succeed together. I can assure you Latin American countries and Europe are together. We are in the same boat, in good times and in bad times.