

FORO EMPRESARIAL AMÉRICA LATINA Y EL CARIBE-UNIÓN EUROPEA

Executive Summary

Recommendations of the Business Forum EU-Latin America and Caribbean

(Mexico City, October 12, 2017)

The Business Forum between the European Union and Latin America and the Caribbean was held in Mexico City on Thursday, October 12th, following the path established by previous Business Summits held under the EU-CELAC, namely the one of Santiago de Chile that took place in 2013 and Brussels in 2015.

For the Business Forum, it was agreed to work on four areas that are in line with the political agenda between the two regions: (i) business opportunities and trade agreements; (ii) a partnership for productivity; (iii) business climate and the development of micro, small and medium-sized enterprises (MSMEs), and (iv) fostering innovation. The event focused on how these aspects can strengthen MSMEs in the spirit of economic diplomacy.

The meeting acknowledged economic and political changes on the international stage, as well as within countries of both regions. Noting the shift towards protectionism and a serious risk of a weakening of the rules-based multilateral trading system, both sides urged the European Union and Latin American and the Caribbean (LAC) states to take the lead in upholding an open, fair and inclusive environment for trade and investment at a bi-regional, as well as at a global level.

In this context, the Business Forum reiterated the crucial role that the private sector plays in generating greater economic and social development, employment and the provision of external resources to countries. Thus for the private sector to fulfil its economic role, it is essential that fundamental pillars such as an adequate and functioning system of institutions, legal security and predictability, freedom of enterprise and the ability to conduct mutually beneficial trade, are respected and upheld. Without economic and political stability, our entrepreneurs will not be able to create new initiatives, new opportunities and new jobs for our citizens.

It was also agreed that it is essential to establish an institutional mechanism that can give continuity to the strategic partnership between Europe and Latin America and the Caribbean, in order to guarantee an effective follow-up of proposals tabled by the public and private sector from both regions. In this sense, the creation of a working group composed of public and private sector representatives, as well as other relevant stakeholders, is highly recommended for the short term. Such a working group should establish a common plan of action for future activities and oversee the implementation of existing recommendations and pertinent measures to the benefit of both sides.

The following lines of action were particularly emphasised at the Business Forum :

a. Business opportunities and trade agreements:

- For the private sector in Europe and the LAC region, it is vital that our governments seize the opportunity to exploit the full potential of bi-regional trade and investment relations, duly considering the needs of both parties. In this sense, it was urged that the negotiations for a trade agreement with between the EU and the Mercosur and the modernisation of the EU agreement with Mexico be concluded by the end of this year, and that these correspond - and are compatible with - the most ambitious and forward looking FTAs already concluded by these regions.
- The modernisation of the trade agreement with Chile should also be foreseen as soon as possible.
- Both regions must equally place greater emphasis on the implementation of their existing agreements, - especially for MSMEs - through greater dissemination of practical information and greater support for capacity building and training, so that businesses on both sides can better reap the benefits that those agreements provide.

b. Partnership for productivity:

- Increasing productivity is a common challenge for both regions. For Latin America, it means continuing to build on the basic requirements of competitiveness, such as strengthening institutions and promoting efficiency in its markets. For both, innovation and increasing the value added of products and services remain priorities.
- This becomes more evident in the field of education, in which professions and occupations are rapidly changing and which require pertinent skills in addition to academic qualifications. Latin American education systems can thus benefit from European good practices - to upskill the workforce with a view to improve mobility between European and LAC academic institutions, while creating a critical mass of entrepreneurs and employees with relevant skills.
- In this regard, both economies need to move towards a more knowledge-based and innovation-driven economic model, with skills that match an increasingly digitalised and interconnected market place. To better achieve this, governments need to work on a closer and more institutionalised integration of education and training systems with the business world, through mechanisms which further develop work-based learning such as apprenticeship schemes and strong public-private collaboration. An exchange of good practices between Europe and Latin America should to be a first step towards meeting these challenges.

c. Business climate and development of MSMEs:

- The high cost of establishing and running a business due to bureaucracy and red tape is among the main obstacles to entrepreneurship in both regions. Reducing unnecessary administrative and regulatory burdens through better regulation principles,

as well as expanding the availability of e-government services are imperative to increasing efficiency and reducing costs for businesses - especially MSMEs - on both sides.

- Additionally, currently several national and international support initiatives for MSMEs in Latin America are not sufficiently interconnected within the region and require further articulation to increase their effectiveness. Lessons learned in Europe can provide useful guidance in this regard. Latin American and Caribbean governments are therefore encouraged to work towards ensuring a better regional connectivity of such initiatives by pooling efforts and creating the space and institutions needed, duly considering appropriate best practice exchanges with Europe.
- d. Strengthening innovation:
- Improving and fostering innovation in both regions is critical and has to go hand in hand with a full activation of the triple helix approach, where companies, the public sector and the academic world are represented. This way, the group that typically generates ideas and research (academia) will be articulated with those who are best placed to apply it (companies), while being duly promoted by relevant public bodies, thus significantly benefiting the framework for fostering innovation in both regions. The role of technology centers will be important in this respect as channelling agents of public-private initiatives, coordinated among various stakeholders in the innovation ecosystem.
 - In addition, both sides should strive to promote initiatives that identify existing business or social challenges in the LAC region and of state of the art European technologies and solutions that can be applied to solve those challenges, generating a context of co-creation of solutions and co-exploitation of results. This will further unlock the potential of a mutually beneficial and complementary economic relationship in which knowledge and know-how exchange will benefit both sides.

The representatives of European and Latin American businesses undersigning these recommendations, encourage the authorities of their respective regions and countries to carry out these actions, as the generation of better living conditions for our citizens depends on the ability of the enterprises to develop, grow and create jobs, being the main source of income for millions of families in both regions.

----- , -----