

# How to strengthen the European Union's necessary role in its cooperation policy with Latin America and the Caribbean

*Intervention by María José Romero, Eurodad to the EuroLat Civil Society Forum*

Good morning. Thank you for the invitation to participate in this Forum.

The current global situation requires a redefining of international cooperation and the role of the European Union (EU), to position Latin America and the Caribbean (LAC) as a region with its own agenda. The EU-LAC summit made some welcome first steps. The leaders committed to multilateralism, human rights, gender equality, climate justice and the 2030 Agenda, but these good intentions now need to transform into concrete actions. I would like to highlight three key points and close with a few reflections on the proposal for the EU's new Multiannual Financial Framework (MFF) 2028-34.

1. On the principles that should guide cooperation. The European Union is looking to deepen linkages with Latin America and the Caribbean as a means of strengthening its strategic autonomy – this has been indicated in the EU official documents and statements. Meanwhile, Latin America and the Caribbean is faced with the need to promote green- and digital-focused reindustrialization, and to deal with persistent poverty, high levels of inequality and social fragmentation. Yet, when we think about a bi-regional agenda, it should be defined from a horizontal perspective, far from colonial practices. It should be guided by principles of co-responsibility when choosing priorities and projects; and by a commitment to economic, social and climate justice, transparency and effective civil society participation.
2. On development cooperation, its quantity and quality and the role of the EU. Beyond the rhetoric, we have been greatly concerned by the cuts to development cooperation budgets, and the drop in the quality of these resources. Both of these occurrences have had harsh consequences for financing for sustainable development. The announced cuts have come at the same time as increases in military spending and the use of loans, guarantees and mixed mechanisms (or blending), instead of grants, which runs the risk of increasing public debt in Latin American countries and redirecting public resources to profit-making projects. Furthermore, the EU and its Member States have played a central role in redefining Official Development Assistance (ODA) meaning that today countries are able to report flows that do not reach countries in the Global South and that move us further away from the objective of reducing poverty and inequalities. This new redefinition took place in the OECD's Development Assistance Committee (DAC), behind the backs of Global South countries, and came in response to Global North countries' priorities, including the EU. Given this, it is important:
  - a. To fulfil the commitment to the quantity and quality of ODA and redirect cooperation resources to their primary objective. That is to say, reducing poverty, inequalities, environmental sustainability and supporting civic space.

- b. To rethink development metrics beyond GDP to give middle income countries more access to concessional funds.
  - c. To democratise development cooperation governance. If the EU is truly committed to multilateralism, it must fill spaces at the United Nations with content that allows for an inclusive discussion on the role and the parameters of development cooperation. We are concerned by how the EU blocked steps in this direction at the conference in Sevilla and supports a review lead, once again, by the DAC.
3. Private finance is not a panacea. We believe that its necessary to rethink the Global Gateway strategy. Our research -with Counter Balance and Oxfam- indicates that while this has been presented by as a “value-based offer”, this is far from the reality. Rather, the strategy uses cooperation resources for geopolitical and economic purposes, subsidising investments by European companies and, in its current form, the strategy runs the risk of becoming a kind of green extractivism that deepens dependence on natural resources. The EU’s energy sovereignty cannot come at the expense of the extraction of natural resources in Latin America. We are also concerned by how the majority of Global Gateway projects are implemented through Public-Private Partnerships, which risk imposing excessive costs onto public budgets; increasing public debt; and, in the case of the social sectors, introducing market-driven principles into the provision of basic services, such as health, education or care. Given this:
- a. The projects should foster genuine industrialisation strategies, that move countries in LAC away from the multiple dependencies they face regarding technology, natural resource and public debt. They should add local value.
  - b. It is necessary to include binding clauses on environmental, labour, human rights and tax justice matters.
  - c. It is also necessary to increase transparency and substantive social participation – the evidence shows that there is a lot to do in this regard.

In conclusion, we believe that we are at a critical moment, which calls for a change of direction. In particular, the proposal for the next budget is sounding alarm bells. Beyond the quantity of resources, we are concerned by the Commissions’ Global Europe proposal. Under the umbrella of greater flexibility and simplification, the proposal provides few guarantees that the resources will truly be used to benefit interests in Latin America. Rather, the proposal looks to deepen the promotion of EU interests. For example, the possibility of increasing tied aid is on the table. Historically, tied aid has been criticised for being prejudicial to the interest of Global South countries. We demand a clear distinction between development policies and economic diplomacy, with frameworks, tools and separate financing. Phrases such as “mutual interest” or “value-based alliances” will ring hollow if there is not a change of course. The European Parliament has a key role to play in the coming months. We also call on parliamentarians in Latin America to demand cooperation based on solidarity, justice and an agenda that allows for sustainable and inclusive development.

Thank you.