

**EC-CENTRAL AMERICA MINISTERIAL MEETING**

The Ministers of Foreign Affairs of the European Community and of five Central American countries, members of the Central American Common Market (Costa Rica, Guatemala, Honduras, Nicaragua and Salvador) will meet on 28/29 September 1984 in San Jose, Costa Rica. The meeting will also be attended by the Foreign Ministers of the four Contadora countries Mexico, Panama, Venezuela and Colombia and the two candidate member states of the European Community, Spain and Portugal. The Commission will be represented at the meeting by Mr Edgard Pisani, Commissioner with special responsibility for development cooperation.

This meeting is a clear indication of the importance both sides attach to developing a strong dialogue between Central America and Western Europe during this difficult period for the Central American region. It is the first of its kind, with any state on the American continent, and an example of the Community's wish to strengthen its ties with Latin America as a whole. It is of special significance that this meeting, which was suggested by the Central Americans, brings together the countries of the region despite their political differences to adopt common positions on economic and political cooperation with Europe.

The agenda places emphasis on two major aspects of EC-Central America relations, political and economic cooperation. The Ministers will exchange views on their perceptions of the Central American crisis which will lead naturally to the distinctive contribution that the European Community can make to alleviating the problems through economic cooperation.

Both sides are expected to express their wish that the cooperation which already exists between the Community and Central America should be built upon and that trade, an essential instrument of development, should be expanded and diversified as far as is possible.

The Community will stress its belief that the movement towards economic integration in central America will enhance prospects for economic growth and will, through the mutual confidence which it installs between the participating countries, make a significant contribution to a reduction of tension in the area. With this in mind, the Community will pledge itself to look favourably on requests for aid for projects which would promote this integration.

The two regional groupings may declare their support for an enlargement of economic cooperation between the Community and Central America in such areas as contacts between businessmen, European investment in Central America, scientific and technical training and better contact between development organisations in the two regions. The Community will declare its readiness to continue providing financial and technical assistance to Central America with particular emphasis on rural development and on

regional projects. The Ministers are also expected to give the green light to the opening of exploratory consultations which would lead to the conclusion of an economic cooperation agreement between the Community and the countries of the Central American Common Market. They may furthermore pledge their fullest cooperation in multilateral organisations on issues of particular interest to Central American countries.

#### Relations between the Community and Central America

Although there are as yet no institutional links between the Community and Central America, the Community has shown a keen interest in the region and has on several occasions expressed the clear wish to contribute to the economic and political development of the region.

This interest has been reflected in statements of the European Council which have repeatedly affirmed the Ten's willingness to contribute to economic and social development in Central America.

As a concrete sign of this the Community decided in 1982 to make a substantial special contribution of 30 MECU on top of the normal annual aid of 50 MECU, devoted mainly to agricultural reform programmes.

The Community is also examining the possibility of establishing contractual links with the Central American countries on a regional basis, a suggestion which has been welcomed by authorities in the region, most recently in a meeting held on 21 May 1984 between senior representatives of the Commission and the Central American ambassadors posted in Brussels.

#### Relations EC-Central American Common Market

The Community has a continuing interest in the regional integration which is taking place in Central America through the creation of the Central American Common Market (CACM).

The CACM was founded in 1960 following the signing of the Treaty for Central American Economic Integration by Costa Rica, Guatemala, Honduras, Nicaragua and Salvador. Various exchanges of visits have since taken place between the Community institutions and those of the Central American region starting as far back as 1967.

In the mid 1970's discussions began between representatives of the European Commission and of SIECA, the executive organ of the CACM, to establish an institutional relationship between the two bodies. They did not however reach the stage of formal negotiations due to the deterioration of the political situation in Central America.

Contacts continued during the following years between the Central American ambassadors in Brussels and the European Commission, and at a political level prominent visitors from Central America, including the President of Costa Rica, were received by the Commission.

The dialogue took on a new vigour with the visit of a member of the Nicaraguan Junta in 1982 and the Presidents of Costa Rica and Salvador in 1984. The President of the European Parliament has recently visited Central America to study the situation there and meet representatives of the Contadora Group.

On a more practical level, in September 1983, the Commission provided facilities for a meeting of the Ministers of Finance of the CACM countries (plus Panama), high level representatives of the governments of the industrialised world and of international development organisations to discuss and find solutions to the economic problems of the region.

#### Development Cooperation (see also annex)

In spite of Central America's relative wealth compared with other developing countries, the Community, taking into account the particular problems of the region, has made a special effort to provide substantial development aid to the five countries.

In the period 1976-83 the Community provided 179 Million ECU of aid under various forms to the countries of the CACM. The major part of this sum has been given over to food aid (78 MECU) and financial and technical assistance mainly for rural development (also 78 MECU). Further amounts have been given for trade promotion, emergency aid, via non-governmental organisations and as technical assistance to regional institutions.

Included in this 179 MECU was a special aid of 30 MECU which the Community granted in 1982 as a sign of its special interest in promoting economic development in Central America as a partial solution to the social and political problems there.

#### Structure and Development of Trade

The trading relationship between the Community and the countries of the Central American Common Market is non-preferential in nature based on the GATT Most Favoured Nation clause.

The Community's Generalised Scheme of Preferences is open to the Central American countries on the same terms as to other developing countries, but the structure of the region's exports to the Community, mainly coffee and bananas, limits somewhat the potential benefit to them.

The Community is the CACM's second largest market after the United States taking 22 % of her exports in 1982. The five Central American countries are in fact one of the largest suppliers of tropical products to the Community accounting for 39 % of the EC's imports of bananas and 17 % of its imports of coffee. The Community's main exports to Central America are machinery, steel and chemical and pharmaceutical products. The Community regularly has a trade deficit with the Central American countries, of between 400 und 500 MECU in recent years.

Trade between the European Community and the CACM 1983  
 Millions ECU

	TOTAL CACM	Guatemala	Honduras	Salvador	Nicaragua	Costa Rica
EC Imports	887	183	124	227	111	242
EC Exports	484	106	98	91	76	110
EC Balance	-403	-77	-26	-136	-35	-132

Source EUROSTAT

(\*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981, US\$ 0.98 in 1982 and US\$ 0.89 in 1983.

Annex: Community aid to CACM and other Central American countries in 1983

## AIDES DE LA COMMUNAUTE EUROPEENNE A L'AMERIQUE CENTRALE EN 1983

(en mio ECU)

PAYS	Aide financière et technique (Art. 930 du budget)	Aide alimentaire (aux prix ce mondiaux) 950)	Aide d'urgence (Art. commerciale	Promo- tion	Forma- tion	Aide CEE par les ONG	TOTAL
Mexique				0,40	0,015	0,23	0,645
Guatemala		1,67		0,04		0,01	1,720
Rép. Dominicaine		0,50				0,14	0,640
Haïti	2,43	2,69		0,02		0,32	5,460
El Salvador		2,42					2,420
Honduras	9,0	5,34		0,10	0,006	0,03	14,476
Nicaragua	3,66	9,81	0,25	0,12		1,39	15,230
Costa Rica		0,12		0,13		0,49	0,740
Panama				0,22		0,02	0,240
CIME(1)	1,40						1,400
ACTIONS régionales				0,24	0,211		0,451
Radar(2)	1,50						1,500
<b>TOTAL Amér. Centrale</b>	<b>17,99</b>	<b>22,55</b>	<b>0,25</b>	<b>1,27</b>	<b>0,232</b>	<b>2,63</b>	<b>44,922</b>
Pour rappel							
Aides 1982	66,50	27,38	10,30	1,75		2,17	108,10
Aides 1981	9,85	23,69	1,05	1,70		1,09	37,38
Aides 1980	22,00	17,65		1,45		0,81	41,91
Aides 1979	12,30	11,03	0,95	0,66		0,57	25,51

(1) CIME: Comité Intergouvernemental pour les Migrations.

(2) Radar: il s'agit d'un radar sur l'île d'Hispaniola, pour le repérage des cyclones.