

Brussels, 26 October 1984

LIBRARY

President Gaston E. THORN Visits Three Latin American Countries

The President of the Commission of the European Communities, Mr Gaston E. THORN, will pay an official visit to three of the Andean Pact countries, Venezuela, Colombia and Peru, from 28 October to 4 November.

In the course of this visit President Thorn will have talks with President Jaime LUSINCHI of Venezuela, President Belisario BETANCUR of Colombia and President Fernando BELAUNDE of Peru as well as with Members of the Junta, the executive organ of the Andean Pact.

This visit confirms the Community's interest in developing closer relations with Latin America and its desire to consolidate what has already been achieved.

Among the topics on the agenda for these meetings will be an exchange of views on the world economic situation with particular emphasis on the situation of developing countries, the state of relations between the Community and Latin America in general as well as matters of more bilateral concern such as the future implementation of the EC-Andean Pact Economic Cooperation Agreement.

Development of the EC-Andean Relationship

Contacts between the five Andean Pact countries and the EC Commission began in 1970, the year after the signing of the Cartagena Agreement, with a visit to Brussels of the President in exercise of the Commission of the Andean Pact countries (the equivalent of the EC Council of Ministers).

In July 1979, the President of Colombia, Julio Cesar TURBAY AYALA, visiting the Commission as a spokesman for the Andean Group, proposed the conclusion of a cooperation agreement between the Community and the Andean Pact. After exploratory talks in November 1979, the EC Commission proposed to the Council of Ministers in February 1980, the opening of formal negotiations with the Andean Pact for a cooperation agreement.

On 5 May 1980, the five Ministers of Foreign Affairs and the Coordinator of the Junta of the Andean Pact (its executive organ) held a ministerial meeting in Brussels with their European counterparts. The final declaration of the meeting emphasised three aspects in particular:

- Both sides firmly support pluralist democracies;
- the proposed link between the EEC and the Andean Pact would be a starting point for further links between the Community and Latin America;
- the proposed agreement would provide a link between equal partners.

The first round of formal negotiations took place in Brussels in June 1980 and made considerable progress. However, following the military take-over in Bolivia in July 1980, negotiations with the Andean Pact countries were suspended. Negotiations were formally taken up again in June 1983 following the return to democracy in Bolivia. After two negotiating sessions the agreement was initialled on 28 October and signed in Cartagena in December of the same year. The agreement will enter into force after ratification by the Andean Pact countries.

The Cooperation Agreement

The Agreement is a framework non-preferential cooperation agreement between the EEC and the Andean Pact countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) and has been concluded for an initial period of five years. It is an agreement between equal partners, due account being taken of the different levels of development of the contracting parties and of the specific nature of the Andean Pact as an economic integration group.

In addition to applying the most favoured nation clause, the contracting parties undertake to promote the development and diversification of trade. As for economic cooperation, the agreement is of an evolutive nature and no sphere falling within the Community's responsibility has been excluded from the outset.

In order to facilitate implementation of the agreement, a joint committee on cooperation has been set up to explore and put into practice any specific opportunities for cooperation that might be considered. Both parties also undertake to consult each other within the joint committee on measures which might have an unfavourable effect on the development of trade between the two regions.

The Community recognises that the Andean region is in the process of development and will seek to coordinate the development activities of the Community and its member states in the Andean region.

Textiles Agreement

Two of the Andean Pact countries, Colombia and Venezuela, are also linked to the Community by bilateral textile agreements. These agreements, which were negotiated in 1982, cover the period 1983-86 and provide a framework for the development of trade under the Third Multifibres Arrangement.

Trade between the Community and the Andean Pact countries

Trade between the Community and the Andean Pact countries has blossomed in the last six years. Community imports went from 1872 MECU in 1976 to 5471 MECU in 1983. The principal beneficiary of this expansion of trade has been Venezuela, whose main exports to the Community are oil. Colombia and Ecuador export mainly coffee to the Community while Peru exports coffee, lead and zinc and Bolivia tin, lead and zinc. Community exports to the region, which consist mainly of manufactured products, have risen more slowly than imports passing from 2234 MECU in 1976 to 4380 MECU in 1982 and falling subsequently in 1983 to 3057 MECU. The Community had a trade surplus with the Andean Pact countries till 1979, since when it has had a deficit.

EC-Imports from Andean Group (Million ECU)(*)

	1976	1977	1978	1979	1980	1981	1982	1983
BOLIVIA	107	130	106	155	166	163	139	194
PERU	296	304	261	422	526	513	699	668
ECUADOR	123	185	171	159	182	158	171	143
VENEZUELA	809	510	576	950	1710	2760	2455	3182
COLOMBIA	537	712	824	876	1091	1087	1213	1284
ANDEAN GROUP	1872	1841	1938	2562	3675	4681	4677	5471

EC Exports to Andean Group (Million ECU)(*)

	1976	1977	1978	1979	1980	1981	1982	1983
BOLIVIA	80	104	116	133	83	189	69	56
PERU	339	290	255	481	416	842	645	525
ECUADOR	170	316	333	417	300	358	433	370
VENEZUELA	1340	2098	1862	1388	1551	1951	2548	1321

EC Trade Balance with Andean Group (Million ECU)(*)

	1976	1977	1978	1979	1980	1981	1982	1983
BOLIVIA	- 27	- 26	10	- 22	- 83	26	- 69	-138
PERU	43	- 14	- 6	59	-110	329	- 54	-143
ECUADOR	47	131	162	258	118	200	261	227
VENEZUELA	531	1588	1286	438	-159	-809	93	-1861
COLOMBIA	-232	-277	-388	-343	-530	-434	-527	-499
ANDEAN GROUP	362	1402	1064	390	-764	-688	-296	-2414

Source: EUROSTAT-SIENA

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the EC vary against the dollar. One ECU was worth US\$ 1.2 in 1977, 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.