EU-CELAC Business Summit

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Informal Summit minutes and conclusions

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Opening of the Business Summit

Ms Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission

Ms Mogherini started the conference saying that the amplitude and importance of cooperation between the two regions was shown in the number and diversity of participants: over 500 companies from 56 countries, most of them small and medium-sized enterprises (SMEs). "The high number of participants is a clear testimony of the enormous cooperation potential we have in our hands," she said.

Ms Mogherini insisted on the fact that cooperation between the two regions goes beyond the economic cooperation, as it also includes strong exchanges between public administrations and transversal research and development programmes. The European Union (EU), Latin America and the Caribbean countries represent one-third of the United Nations' countries. Cooperation between the two regions is therefore not only very special, but essential.

The numbers speak for themselves: since 1999, trade between the two regions has doubled, totalling EUR 200 billion in 2014. The EU is the first investor in Latin America and the Caribbean, with more than EUR 500 million in direct investments, more than the amount the EU invests in China and Russia together. "We need to maintain this extremely positive momentum," she said. More importantly, EU investments have arrived to stay in Comunidad de Estados Latinoamericanos y Caribeños (CELAC) Member States. The objective of this Summit is to promote investments on both sides.

Trade and cooperation is the best ingredient to fight against the crisis. This year, we can clearly perceive signals of recovery from the economic crisis. For the EU and European companies, external markets are particularly important as 90 % of the growth is expected to occur in non-EU countries and only 10 % of our SMEs are exporting to foreign markets. So far, there is an enormous potential for improvement and development.

Within this framework, the CELAC region is particularly important, as the average growth of its countries over the past ten years has been close to 5 %. This growth is due to pertinent domestic policies to help innovation and creativity, as well as favourable international conditions.

To continue this trend, both EU and Latin America and Caribbean countries need to invest in three key sectors: infrastructure, transport and education. The backbone of these sectors is represented by

SMEs. The EU is ready to help, as it has done in the past. Many good examples show the commitment of the EU towards the CELAC countries, notably the investment made in optical fibres or in green energy in Brazil.

Investments are an important tool to increase productivity and create more qualified jobs. The EU has created specific blending instruments to favour investment in Latin America and the Caribbean, which have facilitated direct investment for at least EUR 5 billion. For each euro invested by the EU, the private companies have invested EUR 26.5.

Talking about investments, Ms Mogherini stressed the importance of having quality growth that takes care of the environment and of the most fragile components of the population, such as women and young people.

The EU High Representative also recalled that the EU and CELAC Member States share common responsibilities for the creation of a new world order, based on cooperation and solidarity. To achieve this important goal, there is a need to increase the level of cooperation. Governments need to eliminate the unnecessary trade barriers and commerce limitations.

Ms Mogherini concluded her speech by reminding the participants that the conclusion of the 2015 Business Summit will be presented to the European and CELAC Heads of State, and therefore innovative and creative proposals to increase dialogue and business are welcomed.

Mr Rafael Correa, President of Ecuador

Mr Correa began his speech with a strong message: "This is not an era of changes, but a change of era." He stressed the importance of having growth that must be inclusive and sustainable. Both the EU and Latin American and Caribbean countries need to focus, not only on commercial and technical issues, but also on moral concepts. Eradicating extreme poverty is a moral imperative, not only for Latin America and the Caribbean, but for the entire world. For the first time in human history, poverty is not due to insufficient resources, but because of a lack of distribution of wealth.

CELAC countries have many things to learn from the EU. Europeans have found the way to create a union, including very different cultures and languages.

Both the EU and Latin America need to create productive jobs, with good and stable salaries. Jobs can provide justice and equality.

Mr Correa stressed the idea to develop a social and solidarity economy. To reach this objective, it is crucial to invest in the micro and small companies. It is important to invest in capacity development and training. There is the need to build on best practices – as the Spanish and Italian's enormous vitality can demonstrate – to conquer new foreign markets.

In 2014, in Latin America and the Caribbean, SMEs represented 99 % of the manufacturing sector and 70 % of the workforce, and counted for one-third of the gross domestic product (GDP). The main problem for the SMEs is a lack of resources and financial support from the banking sector.

Latin American and Caribbean countries need to take the same measures that European countries implemented for their companies. In the EU, explicit policies have been put into force to help SMEs.

Mr Correa recalled that, in CELAC Member States, there was no policy to protect the industries from foreign competition. In periods of free trade, suggested protection policies are perceived as being bad. But it must be recalled that European countries developed their economies with protectionism to safeguard their new-born industries. Industrial policies in CELAC countries should take into consideration this important historical data and act as European countries did when they were in the same economic situation.

In CELAC Member States, SMEs face a major difficulty: they belong to the informal sector and therefore have difficulties entering the international market.

Mr Correa put forward three main themes in which the EU and CELAC countries should intervene.

The first domain is financing. SMEs have enormous difficulties accessing financing. In CELAC countries, only 12 % of the available credit goes to SMEs, compared to 30 % in the Organisation for Economic Cooperation and Development (OECD) countries. Public intervention, notably through the public bank, is needed. Financing and risk capital are crucial to secure transformation processes, inclusion in the global production chain, and the ability to invest in new foreign markets. Ecuador is in favour of a fund for the internationalisation of the SME.

Technical assistance and public intervention is fundamental to increase productivity. But public intervention needs efficient companies, with strong ethics.

The present Business Summit should be an important step towards developing cooperation to improve transfer of knowledge and technology, and facilitate access to financing. It is important that, through cooperation and complementarity, both regions can proceed from a society based on products to a society based on knowledge.

SMEs need public political intervention to avoid larger or foreign companies becoming dominant. Ecuador is a good example in this sense. The Ministry of Education works with hundreds of small companies to commission uniforms for pupils. The Government has insisted on working with micro and small companies, a new strategy in the country. In total, the Ministry of Education worked with some 10 000 companies representing over 52 000 workers. Only in 2014, this sector generated USD 178 million from 1 545 micro-companies.

Freedom cannot exist without justice. And justice cannot be implemented by the 'invisible hand'. Justice requires state intervention to take care of common public interests.

Mr Correa proposed a 'Productive Reconversion Fund' to sustain innovation and knowledge within SMEs. This fund should promote the use of technology to increase productivity and capacities, and integrate international markets.

Ms Elżbieta Bieńkowska, Member of the European Commission responsible for Internal Market, Industry, Entrepreneurship and SMEs, started her intervention by reminding participants that the top priority of the EU is growth and jobs. To that purpose, the role of SMEs is essential if they are to be part of a competitive EU.

Interest in improving business cooperation and technology transfers is important for both the EU and CELAC. Politicians cannot work alone. Businesses are very important to be able to achieve the goals set.

90% of global growth this year will be generated outside the EU. Roughly 30 million jobs in the EU are export-focused.

Investment in the innovation and modernisation of economies gives opportunity for more and better jobs.

For over 15 years, the EU, Latin America and the Caribbean have developed a strategic partnership, due also to a shared culture, principles and values. The EU supported a closer integration process within CELAC, which has been a privileged interlocutor with the EU. As an example of collaboration, the Enterprise Europe Network: It helps SMEs from the EU and from the CELAC region establish fruitful partnerships.

Partnership has always been based on mutual respect. The EU is the second most important trade partner for CELAC and its leading foreign investor. But we still need to build a stronger cooperation. There are some areas in which the EU is investing and collaborating with SMEs in CELAC, including technical innovation, Intellectual Property Rights, corporate social responsibility and environmental concerns.

We need to work together. A good public policy makes a difference for investors so that businesses can also prosper. There is a need to improve the access to support for SMEs, including a major role for improving support instruments.

In conclusion, the Commissioner considered that the EU has to create and develop a consistent European economic diplomacy. This constructive relationship needs the full commitment of business. The Commissioner encouraged participants to discuss this in a meaningful way so that policy-makers hear what business needs and wants.

Mr Neven Mimica, Member of the European Commission responsible for International Cooperation and Development, in his introduction celebrated the rich social, cultural and economic principles shared between the EU and Latin America and the Caribbean. Proof of the importance of these links is the evidence of a common desire to contribute to sustainability.

The EU-CELAC relationship has always been characterised by a diverse flow of people and ideas, goods and services. He highlighted the common objective of the EU and CELAC, and that to achieve it, political will and institutions for cooperation are needed. The history of business relations between the EU, Latin America and the Caribbean is one of conscious engagement, cultivated by governments and sustained by an appropriate institutional framework. Sustained levels of foreign direct investment in a wide range of sectors over a number of years have also helped to consolidate the relationship into one of maturity and innovation. We cannot forget the impact of globalisation and the facilitating role of Information and Communication Technologies (ITC). It is worth recalling how the EU's development assistance also contributes to supporting business development and growth in the CELAC regions.

For example, both the Latin American Investment Facility and the Caribbean Investment Facility actively support essential investment in key infrastructures in sectors that are crucial to the general economic health of the countries concerned – transport, energy, the environment and communications. These facilities act to mobilise additional financing, especially for projects that could not be otherwise financed, either by the market or by the financial institutions alone.

These facilities have leveraged investment from European, Latin American and Caribbean development banks, with a contribution of EUR 266 million, to fund projects in the region worth over EUR 6 billion.

Another successful example is the AL-Invest programme to support the internationalisation of small and medium-sized enterprises in Latin America. The last phase of the programme reached almost 60,000 companies and generated new exports worth over 84 million euros in the region of Mexico, Central America and Cuba alone.

The next release of the programme should start operations in early 2016 and will contribute to productivity growth and the sustainable internationalisation process of SMEs. There is a strong focus on working through organisations that represent the private sector, such as chambers of commerce, trade associations and export promotion agencies.

Looking to the future, the role to be played by the private sector is of crucial importance. The private sector is the main engine of investment, resources and employment, and is the driving force that integrates countries into productive supply chains and the global economy. Our focus on attaining sustainable and inclusive growth can only be successful if the private sector is fully engaged and supportive.

He announced the approval of new initiatives that will further support the development of the private sector in the Caribbean and Latin America. A total of almost EUR 82 million is being provided to projects financed under the Latin American Investment Facility and the Caribbean Investment Facility. The support to the Caribbean Investment Facility comes as part of the Caribbean Regional Indicative Programme, which will be signed during the EU-CELAC summit.

We are all aware of the importance of decisions that will be taken in the coming weeks and months on a new set of sustainable development goals and their means of implementation. The scope of the ambition of this post-2015 agenda will determine the direction of international cooperation and development for the coming years, even decades.

Commissioner Mimica mentioned some issues that are of particular importance to the future of business relations between EU and CELAC regions, such as the social dimension, which must be an integral part of the framework enabling business to succeed. Business, therefore, has an important role to play in creating more inclusive societies. This includes addressing all sorts of inequalities, wherever they exist, and making conscious efforts to improve gender equality and the empowerment of women.

It marks the end of taking care only of oneself and starting to take care of others to get the common goals of prosperity, fairness, equality of opportunities and partnership. He added some words of encouragement to the audience to participate in the discussions so that the recommendations of the Business Summit are part of the outcome of the EU-CELAC summit.

Opening of the Plenary Session

Ms Laimdota Straujuma, Prime Minister (PM) of Latvia welcomed participants on behalf of the Latvian Presidency of the EU and stated that an engaged EU was a priority for the Latvian Presidency. She continued by saying that academic, business, civil society and political leaders were all meeting together, which evidenced the fact that the EU and CELAC were strong partners. Strong political, historical and cultural ties exist between the regions, and the Business Summit offered an opportunity for still greater cooperation. The Brussels Declaration and the updated action plan will set out the path for future progress.

The PM gave an overview of current economic relationships between the EU and CELAC. She stated that the past ten years have been positive, with interregional trade doubling to EUR 210 billion in 2014. Trade agreements exist between the EU and 26 members of CELAC, with negotiations ongoing on the Mercosur Association Agreement. CELAC is the region that is most closely integrated with the EU.

The PM continued by mentioning that 34 % of EU foreign direct investment (FDI) goes to CELAC – more than is invested in Russia, India and China combined – showing the trust and shared interests that exist. The PM stated that things can improve further by enhancing the business climate. There must be openness and IT, smart energy, and the knowledge-based economy and society must be advanced. There needs to be an innovation-friendly climate; the EU-CELAC knowledge area must be further developed. By creating jobs, living standards will rise. Innovation is both a priority and a critical challenge.

The PM referred to the situation in Latvia, stating that the government was strengthening research, improving the environment for innovation, and creating stronger ties between research and industry. Smart growth must overcome fragmentation. Assets and competitive advantages need to be identified as they will lead to excellence and increased returns on investment. Latvia's five priority areas in its smart specialisation strategy are 1. bio-economy, 2. bio-medicine, 3. smart technology, 4. smart energy, and 5. information and communication technology (ICT).

The PM moved on to talk about the priorities of the Latvian Presidency of the EU, which are competitiveness, the digital economy and an engaged EU. Progress has been made. The EU Strategic

Investment plan is coming on line. Digital legislation has been proposed. This will all make the EU more business-friendly and more competitive.

She continued by saying that the Energy Union has been the top priority – providing access to affordable, sustainable and competitive energy for consumers and businesses. The PM opined that she felt opportunities existed for the development of more renewable energy projects in CELAC.

The PM stated that the European Commission had launched the EU Digital Strategy, and that ICT and the development of the information society are key for economic growth, which ensures social services. The EU-CELAC trans-Atlantic broadband connectivity will support further integration and will contribute to reducing the digital divide.

The PM concluded by stating that the EU-CELAC partnership is a partnership for the next generation, which must adjust to new challenges in order to create more jobs and growth and to make life better for people and countries. The PM thanked the participants for their efforts and wished them fruitful discussions.

Plenary Session

Business and Investment Opportunities. Promising sectors for innovation

Ms Emma Marcegaglia, BUSINESSEUROPE

Ms Marcegaglia presented the view of the European business sector, as BUSINESSEUROPE is a recognised social partner at EU level speaking on behalf of European companies, the majority of them being SMEs. BUSINESSEUROPE members are the national business associations from 34 European countries.

BUSINESSEUROPE goal is to promote an environment that is conducive to business, an environment that encourages competition and openness to the world. A more competitive and open economy is the only way to attract more investments and trade from all over the world.

Ms Marcegaglia recalled that the EU is facing many challenges, as 90 % of global growth in the following years will be generated outside the EU.

With this data in mind, it is nevertheless important to stress that the EU is again seeing growth, with an estimated increase of 2 % of GDP in 2015. The EU is a good example of how economic integration can lead to political stability and better leaving conditions for its citizens. This is also a model for regions in Latin America and the Caribbean that are looking to boost growth and achieve prosperity through further integration. However there is still work to be done and the EU needs to enhance internal market integration and develop common policies in the digital economy, energy and the single capital market. To remain world trade leader, the EU must facilitate trade agreements with other regions. The EU should not miss growth opportunities in new markets and that is why BUSINESSEUROPE strongly supports an offensive trade and investment agenda for the EU.

Latin America and the Caribbean are important partners for the EU, with high growth potential. Cooperation between the two regions will provide a win-win situation and inclusive impact.

The EU is the biggest investor and the second biggest commercial partner in CELAC countries. Countries from both zones need to be fully engaged in order to transform opportunities into real business cooperation.

According to Ms Marcegaglia, there are many sectors in which companies from both regions could work together.

Energy is among the most important and strategic sectors. Many Latin American and Caribbean countries are rich in energy resources, including biofuel. In the EU, there is an urgency to broaden energy suppliers and diversify sources of energy. The demand for energy is expected to have increased by 75 % by 2040, most of it coming from green energy. This is clearly a field in which European and CELAC companies can work together, as we need new business models, new solutions and new technologies to promote energy efficiency and address climate change.

Ms Marcegaglia then gave the example of the digital economy. The digitalisation of our economies is an innovation per se, but it can also establish a virtuous circle and spur further innovation even in the most traditional manufacturing and services sectors. Interconnectivity is critical both for industry and services and also ensures companies can effectively integrate in global value chains and do business across the world

In the EU, the transition to a full digital economy could generate some EUR 450 billion of GDP. By 2025, the whole manufacturing sector could generate EUR 1.25 trillion thanks to the digital economy.

Failure to digitise the economy can potentially cause a loss of up to 600 billion euros by 2025 which represents over 10% of the EU’s industrial base.

Ms Marcegaglia pointed out that business and decision makers in EU and CELAC countries should work together to advance economic and political partnership, promoting rules that are simple, transparent, non-discriminatory and can “de facto” encourage the development of new trade and investment opportunities.

Mr Ingo Plöger, President of the Business Chamber of Latin America

The Business Chamber of Latin America (CEAL) represents more than 700 companies. CEAL is made up of the most prominent private business leaders in Latin America. It was created 25 years ago, with the main purpose of stimulating its members' participation in trade and cooperation flows, in all areas where the private sector can foster mutual ties and advance socioeconomic issues in Latin American nations.

For Mr Plöger, it is important to share the same vision of a Latin America without borders, with a regional integration similar to the one built by the EU. CEAL firmly believes that these integration processes will succeed so long as the private sector assumes its leadership role in the region. Aware of this responsibility, Mr Plöger called on the private sector to make an engagement to be an agent for change.

Integration is needed between EU and Latin American and Caribbean countries in key strategic sectors such as energy and the agroindustry. Latin American countries are developing green economy solutions. They produce the most important quantity of vegetal and animal proteins. There is the need to integrate these processes into larger international value chains.

Latin American and Caribbean countries are discovering the importance of a zone without borders. The increase of direct investments – from EU, but also from China and the United States of America – are a testimony of this great potential. The fact that the United States of America and Cuba are moving toward normalisation of relations for the first time in over 50 years is another clear expression of regional integration trends.

World dynamics do not wait for latecomers, he said. This is why a strategic alliance between EU and CELAC Member States is so important.

Today, thanks to development and regional integration, Latin American and Caribbean countries can count on a strong middle class. The middle class has grown by an estimated 50 %, and now represents 30 % of the population. However, the financial crisis served as a wake-up call: "We must ensure our development and strengthen our bases through regional integration," he said.

It will be important, within the private sector and with governments, to work on the implementation of common agendas to raise the countries' systemic competitiveness, including trade liberalisation, the development and improvement of physical infrastructure, perfecting revenue collection and public expenditure systems, labour relations, and the use of information technologies.

According to Ingo Plöger, it is also necessary to reduce public and private bureaucracy. Dismantling bureaucratic structures and reducing routine procedures, thus freeing production capacity for business-related activities, will favour human beings' natural capacity for free enterprise and entrepreneurship.

In his speech, Mr Plöger recalled the importance of being guided by moral and ethical principles. It is of the utmost importance for entrepreneurs to demonstrate before society that it is possible to be a business leader without circumventing the law or becoming entangled in corrupt schemes.

The EU is currently negotiating a trade agreement with Mercosur as part of the overall negotiation for a bi-regional Association Agreement to include political and cooperation pillars. The objective is to negotiate a comprehensive trade agreement, covering not only trade in industrial and agricultural goods but also services and the improvement of rules *inter alia* on government procurement, intellectual property, customs and trade facilitation, and technical barriers to trade. Mr Plöger called for an urgent signing of the agreement.

Access to finance. Towards a new partnership between public and private finance providers

Mr. Román Escolano mentioned he would start by discussing the importance of SMEs and their difficulties in accessing finance and on possible ways of cooperation between public and private financiers. He would then be addressing what the European Investment Bank Group (EIB) has been doing in favour SMEs and midcaps in the last few years and conclude by mentioning the role of EIB in Latin America and the Caribbean.

SMEs are the engine of the EU: they represent 99 % of companies and two-thirds of total European jobs. Nevertheless, their lack of scale, diversification and access to technology, as well as macroeconomic imbalances affecting market demand, banks' deleveraging processes and the impact or regulation, not to forget financial fragmentation, are some of the main issues that cause SMEs' difficulties in accessing finance. SMEs have reported that their main problem, despite a high level of liquidity of markets, are high prices, insufficient credit volumes and too short maturities. The importance of SMEs together with the mentioned factors make a robust case for intervention by public finance providers - such as the EIB – to fill market gaps in complement to private finance players. But how?

Mr. Escolano argued that the intervention could at least consist in three main ways for such partnership: channelling of finances through commercial or promotional banks for on-lending to SMEs, risk-sharing instruments (for example, guarantees) and engaging in equity financing. Turning to the role of the EIB in supporting SMEs, Mr. Escolano mentioned some of the recent figures: from 2012 to 2014, EIB Group support to SMEs and mid-caps doubled to EUR 28 billion, which corresponds to more than 30 % of total lending for 2014 and 100 % of the EIF (European Investment Fund). It is expected that this volume will leverage at least more than 63 billion euros of finance for SMEs. EIB was able to provide such support by offering competitive intermediated funding tailor-made financial instruments for every stage of development of a company; a variety of guarantees, risk capital and micro-finances.

Mr. Escolano stressed that in his view, the Multi-Beneficiary Intermediated Loan (a loan provided to commercial and promotional banks at competitive prices for on-lending to SMEs) is a perfect example of a partnership between public and private finance providers to the benefit of small and medium companies.

In 2014, the EIB collaborated with over 900 financial intermediaries, such as commercial banks and leasing companies, national and regional public promotional institutions, guarantee and microfinance institutions and over 380 private equity fund managers.

Finally, addressing the EIB role in Latin America and the Caribbean, Mr. Escolano recalled that EIB was set up as an EU institution in 157 by the Treaty of Rome and its shareholders are the 28 EU Member States. Therefore, most of EIB lending is within the EU, but up to 10% takes place outside EU borders. The EIB has enjoyed mandates to work in Latin America and the Caribbean since 1993. Until last year, the Bank had approved 88 loans reaching almost 7 billion euros. Lending of EUR 1 billion (in a good year) corresponds to between 1 % and 1.5 % of total lending.

The current Mandate up until 2020 foresees almost 2.3 billion euros solely for Latin America and the Caribbean to invest in key sectors: infrastructure, climate change mitigation and support to private sector, which includes SMEs.

In this context, multi-beneficiary intermediated loans are very important instruments: in the years covered by the last and the present mandate EUR 1.2 billion was dedicated to SMEs and mid-caps in Belize, Brazil, Chile, Dominica Republic, Ecuador, Haiti, Jamaica, Mexico and Paraguay. The EIB-IADB USD 500 million joint facility to promote EU and Latin American companies (established in one continent and operating in the other) is a very good example of cooperation to benefit SMEs in these regions.

Multilateral lenders can play their part, but this can only be done in close partnership with those private or public financial institutions which have large and diversified retail networks in the target countries.

Mr. Escolano concluded that the EIB is fully committed to contribute to improve SMEs' access to finance.

Ms Alicia Bárcena, ECLAC/CEPAL Executive Secretary, explained the current situation in Latin American (LA) and the role of the EU and LA SMEs in this economic and social context.

Some of the elements of the current situation are technological revolution, globalisation of consumption patterns, a new reorganisation of the global economy into new big blocks and environmental deterioration. We need to use technology to avoid the United States of America (USA) erasing EU-CELAC from the commercial map. In LA, there are 80 million people out of poverty, who have become consumers and also want to become entrepreneurs. The global economy has built big new geopolitical and geo-economic blocks, such as the Transatlantic Trade and Investment Partnership (TTIP), Brazil, Russian, India and China (BRIC), etc.. Asia is gaining positions in the global market. China is getting closer to the LA market; from 2000 to 2014, the import of goods and services from China increased by 20 times, whereas the exchange with the EU increased only by three times. No country is displacing the EU as a commercial partner. The USA is losing market share, but China does not move others; China only takes empty spaces.

The progressive environmental deterioration is calling for global actions: Agenda post-2015, low-carbon economies and renewable energies in which the EU has a comparative advantage: most of the patents belong to the EU.

Ms Bárcena recalled some figures: SMEs correspond to 99 % of companies, and 40-80 % of jobs; big companies contribute towards GDP but they don't contribute to job creation.

She explained the two antagonistic models of economy and businesses and competitiveness strategies. In LA, most companies are Micro, Small or Medium Enterprises (MiSME), based on primary goods, in a very informal situation and low investment capacity in research and development (R&D), with low-skilled workers, low salaries, etc. Most R&D comes from the EU. Productivity does not depend on incentives but on innovation. Relative production in LA is 63-75 %. That's why we need exchanges in innovation.

To solve this issue, authorities and institutions must help SMEs. Ms Bárcena reminded the audience how difficult it is and how long it takes to create a company in LA, and how difficult access to funding is for SMEs. There is a big gap in R&D investment between the EU and CELAC: 2.5 % and 0.8 %. In the EU, companies and governments invest in innovation; in CELAC, there are no governmental incentives to research or to education. And only 40 % of SMEs have access to credit, 47 % of which is more expensive and more demanding with regard to guarantees and general terms and conditions.

We need to be aware that economic dynamism and environmental sustainability are not in conflict: new policies are boosting investment and savings and not only consumption; industrial policies are closing internal and external gaps; there is environmental sustainability through technology and innovation; there is a need to build capacities, quality education and technical training; and expand rights and social protection from work.

The EU shows that inequality is not ineluctable. The EU and CELAC are at a crossroads: low productivity and structural problems that call for a cooperation model beyond trade and investments; bi-regional expansion of companies, better governance of natural resources; more joint projects; creation of new institutions (industrial commons) for investment, technology and capacities; become leaders on the Agenda post-2015 and climate change.

Ms Bárcena ended by saying that in this NEW ERA, everyone has to participate.

Mr Luis Alberto Moreno, IADB President

Mr Moreno began by giving some contextual figures: 6 million SMEs in CELAC, which correspond to 90 % of companies in the region, providing 25-33 % of GDP and 50 % of jobs. There are many differences among SMEs but also some similarities: low productivity (tend to be informal); less access to credit than bigger companies; double the borrowing cost of bigger companies. In short, SMEs have a financial and funding gap.

Regarding formal companies, officially registered and with audited results, the gap is USD 125 000 million (ten times higher than what the Inter-American Development Bank lends to its sovereign borrowers). It is ironic that 96 % of banks consider SMEs as a strategic sector, but when asked about credit to SMEs they argue that the high level of informality and risks make them difficult to lend money to. There are some regulatory constraints that make this sector perceived as being high risk.

To invert this trend, we need to tackle informality. In Rwanda, a company can be created in two days; two small processes are needed. In CELAC, nine different processes are required and take around 36 days, on average. And even once the company is created, bureaucracy is very high. In Estonia, a company pays taxes seven times a year, which takes 82 working hours; in CELAC, it is 30 times and 369 working hours. Some reforms are trying to improve the situation; for example, in Peru, regarding company creation, and in Chile, entrepreneurs have access to an online service and register a new business for free, in a single day.

Making it easier for SMEs to come out of the shadows of the informal economy would make millions of small businesses eligible for loans. But in order to reduce the cost of credit for SMEs, Latin America needs to reform the laws and regulations that limit creditors' rights. Brazil, for example, recently amended its legislation to allow loans backed residential properties and to speed up foreclosures on assets pledged as collateral.

But there is no question that governments can and should do more to remedy the market failures that undermine the development of our financial systems and to ensure that more SMEs gain access to credit on reasonable terms.

CELAC governments are revisiting the idea of using policy instruments to stoke economic growth by supporting dynamic enterprises. The difference with the past is that they're not granting them credit based on their size but on their potential for growth and job-generation. After all, research shows that most SMEs will remain SMEs.

National development banks are finding novel ways to reduce the cost of financing for SMEs. In Peru, COFIDE is developing a factoring program to expand supplier credit to SMEs by using a software to monitor SME credit history, based on their payments to suppliers. Based on that information, COFIDE buys receivables to provide liquidity to large corporations, which in turn can expand the SMEs' lines of credit. Partial credit guarantees from national development banks are also a useful instrument to expand credit for SMEs and reduce commercial banks' lending risks. Chile's state-owned bank, Banco Estado, runs a fund that offers partial credit guarantees through an auction system. Even during the global financial crisis, the fund succeeded in boosting SME lending fivefold. Other programmes for SME bundle credit with non-financial services, such as technical assistance to tap new markets. National development banks can also play a key role as sources of information and analysis for policy makers.

Multilateral development banks also have to keep up with the times. At the IDB we're in the middle of merging our private sector operations into a single entity, the Inter-American Investment Corporation (IIC). Our goal is to use all of our resources more efficiently in order to get a bigger development bang. The IIC woll continue to leverage the ample experience of our 15 European member countries on SME development to provide assistance to our own SMEs. Many of the European countries have supported our FINPYME program helping CELAC SMEs become more competitive and creditworthy.

We also want more SMEs to become exporters. Only 13% of Latin American SME's do business beyond their national borders –compared to 25% of European SMEs. With the European Investment Bank, where we've established a lines of credit of US$ 1 billion for SMEs and midcaps from one region to invest and trade with the other region. In addition, we've launched our own start-up, a business portal for SMEs we call *ConnectAmericas* to create a virtual community for Latin American SMEs where they can find potential clients, suppliers and investors. They can also access information on foreign markets, take online training courses or find out more about alternative financing.

These are just a few examples of the sort of innovations we'll have to make in order to help CELAC evolve from a land of entrepreneurs into a region filled with successful enterprises.

Conclusions of the Plenary Session

Mr Temistocles Montas, Minister of Economy, Planification and Development of the Dominican Republic (next CELAC Pro-Tempore Chair)

Minister Montas highlighted the importance of the event stating that, among other participants, there were 20 business leaders from the Dominican Republic (DR) as well as representatives from the Dominican Republic-Haiti bi-regional public-private partnership (PPP) development group. He continued by outlining the challenges society faces, and that there is a shared understanding of what must be done – a shared development that is environmentally and socially sustainable. Governments and societies must eradicate poverty and reduce inequality. To do so, better public policy and better private practice is required. There must be universal access to opportunities. The Minister set out five main aims:

1. LA (and above all DR) needs to expand its productive sector. The focus is often on convergence and comparisons. Major differences exist in salaries between large and small businesses in DR – generally salaries in SMEs are half that of elsewhere. SMEs must be more competitive and productive; 99 % of businesses in DR are SMEs. The Government has stipulated that 20 % of its procurement must come from SMEs, as well as facilitating finance for SMEs through a range of funds. A new law on guarantees for SMEs is pending approval. The Government is trying to improve the business environment generally, via, for example, a one-stop-shop for formalising businesses. According to the World Bank, DR has been one of the best performers in 2013-14 in improving the business environment.

2. Institutions – LA needs development that leads to institutional change as this has a close link with economic growth. This must include improving transparency and the rule of law, fighting corruption and impunity. This is important because politics have been discredited. Progress has been made in DR: corruption is no longer the main hurdle to economic growth.

3. Social protection systems – pensions and health care – are vitally important for SMEs. We must also look at education, which is a major challenge. Chile is the most competitive in the region in terms of education, but they fare poorly in the Programme for International Student Assessment (PISA) tests. Quality education will be key to development. The whole system must be modernised, improving teacher quality and reforming curricula. DR wants to end illiteracy by 2016.

4. Economic growth and poverty alleviation – economic growth must be seen in this context. It is one of the major challenges for the coming years. The best social protection is job creation but development must be environmentally friendly.

5. SDGs (Sustainable Development Goals) and the post-2015 agenda are extremely important. The SDGs must be resourced. There must be good policies and technology transfer; the role of the private

sector is key to achieving the SDGs. This must go hand in hand with new international systems. A model focused on cooperation, not competition, is required.

Minister Montas concluded by saying he was pleased to see that the EU-CELAC relationship has been fruitful and that we must continue to strengthen cooperation.

Ms Benita Ferrero-Waldner, President of the EU-LAC Foundation

Ms Ferrero-Waldner began by thanking the organisers for inviting her and highlighting the importance the EU-LAC Foundation attaches to the Business Summit. It is something they strive for, to bring the public and private spheres together.

Ms Ferrero-Waldner stated that both regions share interests and traditions. Both regions are world leaders in certain sectors. Yet there are key challenges, amongst them stagnating competitiveness that threatens our position in the world and leads to high unemployment and climate change.

Ms Waldner-Ferrero stated that the EU-LAC Foundation's venture programme seeks to strengthen bi-regional economic cooperation, based on two main pillars: competiveness and sustainability.

She continued by underscoring the Foundation's publications in this area which focus on a holistic approach.

Regarding competitiveness she stressed that the fragmentation of initiatives in the two regions must be overcome. There must be better coordination for all actors to enter local and international value chains. For instance new industrial mapping to show geographic concentrations will soon be available on the EU-LAC website, featuring geographical and sectoral indicators, which could lead to cross-border activity and further regional integration.

She mentioned that the EU-CELAC Academic Summit has examined similar issues, bringing together education, employment and business.

Regarding sustainability, actors must also come together to share best practices, in such fields as Corporate Social Responsibility.

Ms Waldner-Ferrero also stressed that both for competitiveness and sustainability, innovation is key - not only technological but also social innovation - and can open an untapped potential in areas such as health, the arts or advanced materials.

The Foundation has been working with the IADB on vocational training, looking at how to increase possibilities for labour market insertion.

Ms Waldner-Ferrero reiterated that links must be stronger between the EU and LAC, and that culture was also very important as it can bring new actors together, above all in cities and urban areas.

Ms Waldner-Ferrero concluded by calling for a mechanism to ensure continuity between Business Summits while looking forward to the next one.

THEMATIC PARALLEL WORKSHOPS

Workshop 1: SMEs, how to better integrate them in trade and investment opportunities

Ms Katia Trusich Ortiz, Deputy Minister of Economy, Chile

Since Chile's return to democracy 26 years ago, the country's economy has grown exponentially. Poverty has declined, the unemployment rate is low, and investors – both local and international – are thrilled with the country's stability and business-friendly laws. Cheap credit has led to higher consumption. All of this has been hailed as the 'Chilean economic miracle', with a very low unemployment rate, close to 6 %. The pro-capita GDP grew from USD 3.4 in 1980 to USD 23.556 in 2015.

According to Ms Trusich, the 'miracle' has been driven by a long-term governmental strategy. Chile signed 63 trade agreements, developed strong institutions, a transparent Ministry of Finance, an energetic Ministry of Economy and an autonomous central bank, which brought macroeconomic stability. Public services are efficient.

This positive trend is nevertheless coming to an end. The economy, based on the extraction of mineral resources, is rapidly declining. Chile has dropped 12 positions in the OECD ranking over the last decade. The country needs to move to a more knowledge-based society, with a better educated population.

According to Katia Trusich, Chile needs structural reforms to achieve these goals. SMEs are the backbone of the country's economy, as 25 % of the workforce works within micro, small and medium-sized enterprises, especially in trade, finance and construction. SMEs are facing a major challenge as they are less competitive in external markets than companies from other continents, for example from Asia. SMEs have great difficulty accessing finance and growth.

From this observation, the Chilean government has developed a road map for the next years, creating a 'productivity agenda programme', with a budget of USD 1 200 million to help and support SMEs.

This programme has three main pillars.

The first pillar is for financial services. The Government has developed the 'ChileCompra' portal, a system through which companies can publish, store, distribute and analyse information on public procurement. Companies can improve their bidding processes, manage content, renew their catalogue and create electronic signatures.

The second pillar is linked to management, enhancing technology and business skills. The Ministry of Economy has established several management centres around the country to support vocational training and coaching.

The third pillar is linked to markets, through reducing bureaucracy and improving transparency. Through collective support to small business communities, the programme will promote collaboration with other local actors to revitalise and boost sales and urban rehabilitation.

Mr Welmer Ramos Gonzalez, Minister of Economy, Costa Rica

Mr Ramos provided an overview of the Costa Rican SME landscape. Ninety-two percent of the county's companies are SMEs, of which 73 % are micro, 12 % are small and 14 % are medium-sized enterprises.

There is a clear dichotomy between small and large enterprises, as the latter are the ones who export the most. SMEs count only for 13 % of the aggregate value of the global country's exports, but generate 32 % of the entire GDP. Large companies are also the ones who create formal jobs, as opposed to SMEs, who operate in the informal economy (75 % of jobs are informal). This shows that the SMEs are good at creating jobs but lack the technology, skills and diversification to export and conquer foreign markets. SME mortality is a good indicator of the sector's fragility: 80 % of SMEs die within three years of their creation.

According to the Minister of Economy, previous governments did not fully support SMEs. Costa Rican policy in this respect has suffered from the absence of a clear industrial policy, effective evaluation and a long-term strategy. Previous governments have implemented short-term policies with no continuation.

Mr Ramos presented the main point of a new industrial strategy. The first and most important problem to address is the lack of adequate management skills.

This problem is coupled with the absence of an effective financing and banking system, as the current system is too expensive and inappropriate for the needs of SMEs.

To solve this structural problem, the government is setting up a development bank, which will be able to provide flexible and customised solutions to micro and small enterprises, such as innovative financial products and access to risk capital.

Another important challenge is the reduction of bureaucracy, which appears extremely heavy. The Government launched a national programme to support SMEs, which includes simplified procedures, a unified information system, a unique registry, vocational training and coaching centres.

Mr Diego Aulestia, Minister of Foreign Trade, Ecuador

Mr Aulestia presented the Ecuadorian national plan to support SMEs, which is based on three main pillars. The first pillar is the creation of a fund for the 'technological reconversion' of micro and small enterprises. The second pillar is the creation of financial instruments adapted to SMEs, allowing access to risk capital and long-term funds. The third pillar is the national bank, which will invest in SMEs to increase their production capacity.

To sustain the sector, the country is committed to working on three main elements.

The first element is a pro-active public policy to help companies invest in new business opportunities, providing tools for commercial intelligence and information on new markets.

The second element is the creation of technological platforms to integrate productivity tools and boost exports.

The third element is the development of logistics platforms to help SMEs to overcome logistic barriers linked to standards, transport and the quantity of goods exported.

Mr Sergio Contreras, Vice-President of the Mexican Business Council for International Trade, Investment and Technology

Sergio Contreras presented the point of view of the business sector. According to the Vice-President of the Mexican Business Council, public policies are essential to allow SMEs to find solutions for the problems they are facing.

Mr Contreras proposed various strategies that the public authorities could follow.

The first and probably most important element of this strategy is education. Besides technical training, there is the need to transmit management skills to the business leaders. Managers must be able to generate their own companies and create jobs.

The second element is access to finance, as already mentioned by many speakers. Access to finance can be facilitated through innovative tools, such as cooperative, artisanal, rural or industrial credit, coupled with decentralised and small-scale credit instruments.

Linked to the previous point is the reform of the fiscal system. Many CELAC countries lack specific fiscal or tax regulations for SMEs, in contrast to what is happening in Europe. Two-thirds of the EU members apply different tax reliefs for SMEs. Almost all of them allow classical investment incentives as well as some additional incentives (R&D, innovations, etc.). Most EU members also allow some corporate income tax reliefs/incentives for SMEs and different simplification measures, mostly in the form of less frequent or no tax prepayments. Some countries even apply simplified calculations of corporate income tax for SMEs that are not based on corporate profit.

According to Mr Contreras, public-driven policies are extremely important to sustain job creation. In CELAC states, SMEs – and particularly micro firms (less than ten employees) – are responsible for the highest proportion of total net employment growth in the business economy.

Mr Contreras concluded his presentation by calling for a reduction of barriers to access justice for SMEs who need to litigate. For those companies who cannot meet the cost, this barrier could mean that they go out of business.

Ms Claire Skentelbery, Secretary-General, European Biotechnology Network

Ms Skentelbery recalled that SMEs do not have the skills and technologies of the large companies and face more regulatory barriers. The European Union needs to build a long-term policy – lasting 15 or 20 years – to invest in and better support SMEs in creating a favourable business environment.

The mission of the European Biotechnology Network is to reduce barriers and to facilitate partnerships. European research has a tendency to operate inside silos – whether this occurs within countries, organisations or sectors. There is an urgent need across the continent to tear down the artificially created boundaries between scientists and business people, get them working together and unleash the potential of these various sectors. Europe already has plenty of small and medium-sized research centres. The answer is not necessarily to conduct more research, but rather to make better use of what is already being done. Cross-disciplinary partnerships between SMEs are a major step towards that.

Claire Skentelbery also mentioned the importance of regions in the development of SMEs. The Council of European Bioregions (CEBR) is a good example of a network of biotechnology clusters across Europe. It's often very difficult to leverage companies and academics directly between regions, but CEBR is trying to do this through cluster managers. CEBR brings these people together to network and understand how they can better support small companies within their clusters; and also to identify the skills present in different European regions.

To conclude, the Secretary-General of the European Biotechnology Network declared that there are many different tools to support SMEs, but the most useful to focus on are the alignment of standards and regulations. Different regional, national and international approaches create artificial trade barriers and make SMEs' daily lives very difficult.

Mr Julio Cesar Silva, Vice-President of Confecámaras, Colombia

Mr Silva gave a general overview of the structure of Colombia's chambers of commerce and what their institutions do to support SMEs.

There are some 55 chambers of commerce in Colombia, with a mixed public/private governance regime. All Colombian companies must be signed up to a chamber of commerce, and the government has created a unique public registry. Signing up can be done online. There are over 3 million micro and small companies in the country. Colombian SMEs are characterised by a low rate of learning capacities, a lack of adequate selling services, limited access to credits and a low rate of exports. SME mortality is very high, as most die just 2.5 years after their creation.

In 2005, Colombia started an administrative simplification process, especially with regards to the creation of new companies. Ten years ago, the creation of a new company needed 34 days and 17 formalities. Nowadays, only one day and one formality are needed.

To avoid the high mortality of new SMEs, a special tax regime has been created: SMEs do not pay taxes in their first year of existence.

To overcome the SMEs' structural problems, the chambers of commerce are working with the SMEs' managers to provide them with various and diversified tools and skills: identification of new markets, coaching on export and logistic matters, access to training on public procurement, assistance in understanding custom regimes, etc.

As mentioned by other speakers, access to finance is problematic for most SMEs. Until recently, Colombia had no legal framework to govern the use of moveable assets as collateral, which restricted the ability of SMEs to take out loans secured with movable collateral. The Colombian Government is introducing a new Secured Transactions Reform, which will provide a legal framework for the use and enforcement of movable collateral. The hope is that by reducing the risk that banks face in accepting movable property as collateral, the reform will allow SMEs to use vehicles, industrial equipment, their inventory and other movable assets as collateral for their loans.

Mr Vicente Caruz, President Eurochile

According to the President of Eurochile, there are many different elements that unify Europe and CELAC countries, and these should be exploited to allow a better integration between both regions.

The first element is human capital. By including the descendants of Europeans living in CELAC Member States and the Latin American and Caribbean students who have worked or studied in Europe, it becomes apparent that over 200 million persons share common cultural values.

Another key element that unifies the two regions is their institutional framework. In recent years, several agreements have been signed between Europe and CELAC countries, in the economic, political and cooperation spheres. These agreements have significantly improved the access of Latin American and Caribbean products to the European market, as well as access to European funds. These agreements have allowed SMEs access to important business contact networks in order to facilitate learning about new technologies and doing business in general.

Finally, Mr Caruz recalled that, in Latin America and the Caribbean, the prevalence of public-private partnerships (PPPs) varies widely, with the highest concentration in mature markets and at national level. A lack of knowledge and awareness of the benefits of implementing PPPs, as well as difficulties in bringing PPP projects to market, hamper their implementation. Innovative PPPs, training, investment and clusters in areas such as education, health and environmental sustainability are needed to serve micro, small and medium-sized enterprises, and low-income populations.

Mr Escipión Oliveira-Gómez, Deputy Executive Director of the Caribbean Export Development Agency

Mr Oliveira presented the overall economic situation of the 15 countries of the “Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States (CARIFORUM)”. Most countries experienced an average economic growth of 1.5 % last year and are facing a negative trade balance.

CARIFORUM SMEs are facing several structural challenges, such as fierce competition in small local markets, lack of adequate human resources, harsh financing conditions, insufficient infrastructure and institutional framework, expensive and unreliable energy and transportation, and out-dated or unsuitable technology.

For the small and medium sized companies in the region, it is very difficult to compete in the world market. There is a lack of market knowledge, price and quantity barriers, and the problems of packaging, standards and distribution and for some CARIFORUM countries visa requirements hinder the possibility to access service markets. There is the need to re-establish the region's competitiveness by exploiting the peculiarities that makes the Caribbean people 'special', while promoting the integration of the economies and creating strategic alliances with a view to offering appealing products and services on a global scale.

SMEs need to invest in market segments where they have competitive advantages: niche, luxury, fair trade and organic products. These products should not compete on price or quantity, but on quality and uniqueness.

The way in which to achieve these structural changes is linked to the capacity of governments, within a public-private sector dialogue process, to implement long-term industrial strategies. There is the need in many CARIFORUM countries to improve access to finance by promoting specialised investment funds and guarantee schemes, creating the right conditions for wider industry cooperation via clusters and associations, investing in productivity, logistics and energy efficiency, and promoting regional value-added chains.

For SMEs, the strategy should be focused on developing own brands and geographical indicators, exchanging best practices and obtaining certifications for their products (e.g.: *organic, fair-trade, ISO, wildlife friendly…)*.

Moreover, due to the characteristics of the CARIFORUM countries, it is of the utmost importance to link tourism, sport and cultural industries so as to enhance regional economic growth and, by extension, alleviate poverty.

Finally, Mr. Oliveira called for an enhanced collaboration between the ACP Group as a whole and CELAC with a view to strengthening their private sectors via south-south cooperation. This process should count with the support of the European Union as the main development partner of both groups.

Mr Mario Cimoli, Director of the Division of Production, Productivity and Management at ECLAC/CEPAL, presented the workshop's final conclusions.

The panel had given a clear idea of how important the local activities of SMEs are for the development of the Latin American and Caribbean countries, he said.

The conditions under which SMEs in the region operate are not always particularly favourable. This is largely due to their internal capabilities (low level of technology take-up, problems to access credit, insufficiently skilled workers and/or owners, poor management, low productivity), but it is also true that certain aspects of the business (and institutional) environment affect them to a greater extent than large enterprises.

One of the most important tasks for public institutions in the region, therefore, is to take advantage of the potential of SMEs and invest in cooperation processes, new management models, internationalisation and, most importantly, in human capital. According to Mr Cimoli, Latin American and Caribbean countries lack adequate skills and human resources. CELAC Member States can learn enormously from the European model.

Another point Mr Cimoli mentioned was the problem of Latin American and Caribbean products' access to Europe. The export rates for Latin American and Caribbean products to Europe are still low and need to be improved.

Mr Cimoli welcomed a proposal from Ecuador's President Correa to create a 'Productive Reconversion Fund' to sustain innovation and knowledge within SMEs and develop a common productivity model. Policies in favour of SMEs are more rhetorical than real if they are not backed by the necessary financial and human resources, he said.

Workshop 2: Sustainable business cooperation

Introductory words by the moderator **Mr Walter Koren, Director General of the Austrian Federal Economic Chamber ('Advance Austria')**, who offered a definition of sustainable development and added that it needs to be brought about by not only policies but also society. All contributions are necessary, including the participation of business.

Ms Evangelina Gomez-Durañona, Executive Director of Ecuadorian Consortium for Social Responsibility (CERES), reminded the audience that what was set in the Santiago Summit in 2013 regarding sustainable development represents the needs and the complementarity of both regions and sets a distinctive stamp on the EU-CELAC Alliance. We must work together for sustainable development and the only way is through corporate social responsibility (CSR), which will allow enhanced competitiveness, cost savings, more dialogue and trust, and therefore the ability to achieve a sustainable model for companies so that they can grow and be more competitive.

Country pledges from the Santiago Summit include guidelines on CSR, the definition of policies and the promotion of public policies for major transparency. Among the expectations raised from those pledges are, among others, bi-regional meetings on the model of companies that apply the principles of CSR and inviting countries to present plans for CSR at national level, with a benchmarking exercise for EU-CELAC. In order to achieve these goals, we need the commitment of different governments to promote CSR and to involve different governmental institutions.

The EU already has a strategic vision of CSR, with special emphasis on constructive and inclusive dialogue and the creation of a stable legal framework, thus underpinned by networks at national and regional level.

Mr Alfredo Bonet, International Director of Chamber of Commerce of Spain, started his intervention by pointing out the pertinence of this topic for this business summit.

Mr Bonet highlighted the fact that growth in CELAC hasn't been high this year but the trend will change for 2015 and the economy will experience a new impulse. External demand is not enough to guarantee a new economic boost; governments need to apply new policies in education, infrastructure, etc. These investments can come from abroad if there is a good environment for foreign investment (which can be enhanced by CSR). Companies need instruments to respect the basic principles of CSR. CSR is an image-maker; society rewards companies that are socially responsible. Institutional investors hold € 10 trillion in the EU under socially responsible investment mandate. We cannot forget that digital progress provides consumers with advanced information and consumers choose socially responsible products made by socially responsible companies. Studies show a strong link between CSR and competiveness. CSR is a clear, long-term return to investment. The main instruments to CSR are the United Nations (UN) Guiding Principles on Human Rights and the OECD Guidelines for Multinational Enterprises, that represent a political commitment to CSR when operating in other countries, and have been signed even for countries not members of OECD. To be a successful company, it is key to be committed to CSR. Not only are investors a concern, but also destination countries must ensure that CSR instruments are in place by creating an appropriate policy framework for investment. Latin American multinational corporations also need to commit to CSR. One of the missions of trade organisations should be to promote CSR in companies. For the future, the next step is the approval of the Sustainable Development Objectives (September, New York) and the next 21st Session of the Parties to the UNFCC in December in Paris (COP21).

Mr Bonet ended his intervention by recommending that for an improved and stronger relationship between the EU and CELAC (both ways), both regions need to go deeper and beyond economic issues and for that it should be based on shared principles of CSR. Collaboration should be stronger to promote a better cooperation among companies and better coordination among governments.

Mr Germán Bejarano, Chairman's Adviser of Abengoa, focused his intervention on environmental sustainability. Even though Abengoa already has a CSR plan in place, he wanted to present the point of view of a company that is going towards a low-carbon economy and high percentages of renewable energy.

Low carbon will impact policies. This transition will depend on resources, economic, political and social preferences and the country's development status, and it will challenge the current political and conduct models even more. The solutions will be knowledge and innovation. The rhythm of innovation and the use of renewables differ considerably between regions, therefore Latin America needs to catch up with the EU. Some of the EU's main concerns are the creation of a single energy market and a safe energy supply.

The evolution in CELAC is very positive; a big jump has been produced in the past five to six years. Mexico and Uruguay are leaders in the use of non-conventional renewable energies. Nevertheless there are still some deficiencies, except in Brazil, regarding the introduction of renewables in transport. Many countries are receiving the support of international financial institutions for energy projects, such as the project in the Atacama Desert. CELAC is still in need of stable policy and a clear legal framework for investment; COP Paris in December 2015, on carbon prices and rights trade, should attract investments from international institutions on R&D. These objectives need more knowledge in order to change current energy models for more sustainable ones.

Mr Eduardo Garcia Moreno, Director of Corporate Responsibility and Institutional Services of REPSOL, started by presenting the different relationship roles SME adopt both inside and outside the value chain.

SMEs in higher-income countries, where government rules are efficient in terms of audits and controls, have a very similar set of standards in CSR than larger corporations. In some lower-income countries, public authorities can not control as efficiently and informality may appear a few tiers up ir down the value chain.

The roles SME adopt in their relationship with Repsol depends on which business line they are in: SMEs are suppliers, contractors and distributors in business to consumer (in the refinery business, half of the people may be contractor employees) or business to business (in which SMEs appear also as clients).There is no an integrated strategy to relationships with SMEs. It is obvious that the business case of such strategic approach should emerge in our corporations. However, there are some reactive practices in place to promote supplier and contractor's good labour, environment and take practices for example, so a reputation risk for the corporation can be controlled. Currently, every supply or service contract signed contains an annex with an ethical code that SMEs need to comply with. In this annex, Repsol asks contractors and providers to abide by the law, to respect human rights, and minimise the environmental footprint. But the degree of compliance is variable; and we need more guidance from governance institutions about what to do when SME breach the sustainability rules. Sanctions are not the best solution to promote sustainable behaviour. Sure sometimes they may be conducive to compliance, but we would need more than that, we would benefit more of their convinced cooperation.

Stakeholders expect big corporations to promote CSR in the whole value chain. Some stakeholders also ask for proactive measures: training, recognition for good CSR, support for CSR and collaboration with SMEs in solidarity actions.

Therefore we are thinking on how to reformulate our model of value chain sustainability management by creating incentives and helping out (proactive approach).

Distributors are a different case, since the relationship with the corporation is made through the corporation's commercial teams, not the purchasing teams. Purchase and commercial teams were not connected but, happily now we are able to apply the same sustainability criteria for distributors than for suppliers and contractors.

Outside the value chain, we find SMEs adopting other roles. First we have the SMEs that participate in the implementation of our sustainability strategy like, for instance, small human rights consultants or companies specialised in implementing social agreements with communities. Sustainability is the very reason of the relationship, so we do not consider them mere suppliers or contractors, they are more like sustainability allies from which the corporation learns new skills.

Finally, we also have SMEs that adopt the role of "innovators". We may engage with them, for example, through joint ventures or start-up incubation. Is this "externalizing innovation"? Certainly it is a strategy that may greatly complements corporations' R+D.

Mr Juan Cristobal Paredes Friedemann, Director General TA-Energia, insisted on the importance of renewable energies in Latin America.

In the past ten years, TA-Energia has been supporting renewal energy (solar and wind) from a technical point of view. TA-Energy, together with its partner, has built an efficiency system in the building sector, creating an engineering system to be used in retail and industry construction for a more efficient use of energy by the buildings.

Technology and technical aspects need to be included in everyday life and involve local communities in making decisions so that the projects are durable and sustainable.

Mr Paredes remarked that for sustainable energies to be successful in Europe, all projects need to be adapted and welcomed by local communities. He also reminded his audience that there are different ways of making business and that SMEs need to adapt to other countries' methods. He explained some constraints innovative SMEs face (trying to do many things at the same time, not enough time for technological exchange or forums), and how important conferences on specific issues are for SMEs as they put them in contact with the academic world. He insisted on the need for funds for entrepreneurs in sustainable energy.

Instead of asking SMEs how they can participate in sustainable development, he wanted to ask governments how they could help to boost knowledge sharing among actors. Mr Paredes mentioned the situation in Chile, where there is a strong regulation with incentives to investments in renewable energies, but where the situation for small companies is not easy, especially since there are no sources of energy in Chile.

Mr Rafael Blanco Canto, President National Council of the Private Enterprise Dominican Republic (CONEP) + Haiti

Mr Blanco explained how this project was born. Following a trade dispute, both governments thought of creating a trade task force made up of entrepreneurs from both countries to discuss ideas to solve the problems. Businessmen developed a permanent dialogue called 'Dialogo Quisqueya'. The solution was the creation of a bi-national project to develop the 400 km border area between Haiti and Dominican Republic in an environmental and socially sustainable way.

A video presenting this project was screened.

The guest from Haiti pointed out that the Quisqueya Economical Council would make history; people will always remember how they change history and fate. This is the first time both countries have worked together.

The idea is to promote the area along the border but to go beyond investment, which needs to be inclusive. The vision is to make the border the axis for growth and employment; promoting the economic integration of both countries along the frontier with investments from Dominican Republic and foreign countries, in an area with a population of 600 000 people. The initiative includes development of the area with the support from public, national and international authorities.

The initiative was born from a conflict regarding some Dominican products that were not being accepted in Haiti due to diverse causes; the authorities decided to meet with businessmen in order to find a solution. This was in 2012, and it was the first time a real, positive dialogue was set in place, and as a result a solution was found. After the success of this first meeting, governments asked the actors to maintain this dialogue in order to find solutions to other common issues, such as the lack of investments. This open dialogue was made stronger in 2014 when a monitoring commission was created to control and supervise the projects. The mission of this commission is to identify, design, plan and promote sustainable long-term investment projects in a win-win situation and with a positive social and environmental impact. In other words: to promote social investment with social and economic profit.

This project is divided into four areas and four sectors: industrial development, agriculture, energy production and storage, and tourism. Two Councils, the COHIF and the CODIF, from Haiti and Dominican Republic respectively, will supervise all these projects, followed by a consultation with civil society.

Mr Manuel Estrella, President of Grupo Estrella from the Dominican Republic, explained what his foundation does in Dominican Republic. Before going into detail he wanted to contextualise the situation. Dominican Republic was under dictatorship from 1930 to 1961. Many important and rich families sent their offspring away to study abroad during this period. After 1961, when Dominican Republic opened to the world, these Dominicans, who had been educated abroad, returned, bringing with them their foreign education and contacts and knowledge of languages. At that time, CSR didn't exist. Nevertheless, these people created a group of intellectuals in order to design and develop several projects with social goals, such as educative projects (a new university, the most prestigious today in the country); agricultural institutes, banks (Banco Popular) and an environmental project called 'Plan Sierra'. This last project consisted of the reforestation of more than 200 000 ha with over 30 million trees; it also integrated SMEs into the project so they could profit from the timber from those trees, which were then replanted, plus coffee plantations and cooperatives. The result is that this project provides a livelihood for the whole region. From all the projects created by this group, the only one aiming to “make profit” is the bank. The other projects are in line with social responsibility. Another new projects was an industrial park, especially for the textile sector, which had government investment, and employs 45 000 workers. Thirteen years ago, another project in which no one wanted to participate obtained funding from private investment and was proven profitable. Seven years ago, one of these projects created the biggest hospital in the country, becoming profitable in its first year. This group is constantly thinking of ways to create development projects. More than half of the GDP of the city comes from these projects.

Regarding Estrella, the President explained that in some countries businessmen are asked to solve social problems that governments cannot. After some calls for help, the Estrella Group created the Estrella Foundation for Education, which provides education through a bilingual plan with grants for students in the region so that they can study English, especially in poor neighbourhoods, where prostitution and violence is rife. This education programme offers eight hours per week of English and guarantees work in the Estrella call centre after the completion of studies. Estrella also supports the Government in programmes to eradicate illiteracy, as well as entrepreneurship and funds, which are given to the university to provide grants for outstanding students. Mr Estrella expressed how proud his group is of these actions they carry out, but had to add that sometimes, when trying to solve the educational gaps in certain communities, they have realised that there were other needs more important than education, such as basic needs.

Mr Estrella concluded by reminding his audience of the main gap that exists between the EU and CELAC, due to the fact that, in CELAC, training needs are covered by the companies, making sustainability imperative as it is providing for the workers and society. Whereas in EU, training needs are covered by the Governments.

Some questions were raised/remarks made:

- Nobody has mentioned yet the CSR clause and the advisory commission for sustainable development included in all free-trade agreements (FTA) for EU-CELAC.

- Almost no-one mentioned respect to HHRR today, maybe because policy-makers do not have them in mind while designing policies.

- Some public policies present more challenges than opportunities for SMEs. How we do integrate SMEs in the value chain?

Mr Moreno answered: HHRR and SMEs should be more visible in the public agenda. National action plans are not even in place in many countries. We need these plans to be in place, with specific measures for respect to the first pillar of HHRR.

- Companies take some measures to reduce risk due to misuse by some SMEs but we are asked to also implement proactive measures.

Ms Gomez-Durañona answered: 'In Ecuador we still don't know the content of the FTA, but in my country when we talk about sustainability we only think of the environmental aspect and Ecuador already thinks that because our Constitution mentions 'natural rights' all is in place, but this is not the case.'

She added that a great deal is said about value chains and SMEs, but then SMEs are not really heard. Some efforts are made by big companies to strengthen SMEs but nobody listens to them. Solutions are presented without listening to the main character. Ecuador proposes to give legally binding force to the respect of Human Rights.

- There is an institutional space for an enabling sustainable environment.

The participant (a representative of EULAC) invited all the participants to be part of this and to talk about the creation of space for bi-regional dialogue around a cup of coffee because the EULAC Foundation wants to promote dialogue in both regions.

Rapporteur, **Ms Luisa Santos, Director of BUSINESSEUROPE**, made the final remarks of this session, summing up what had been said in the workshop. She highlighted the importance of being committed to sustainability and how important the Paris COP21 is, especially if the result from it is a legally binding agreement. Sustainability is both strength and a need in order to incorporate businesses in society. The next challenge presented before the companies is in terms of innovation and the creation of new models, products and services. Financial support and government aid is another challenge, particularly in less developed countries in which companies somehow substitute governments in their role of social protection. EU-CELAC collaboration needs to be seen from both points of view. The EU is a leader in some aspects, such as research and innovation, but there is still the gap in support to SMEs in that respect. Both continents have many things to learn from each other.

Workshop 3: Access to finance and financial instruments

Mr Hans Schulz, Vice-President for Private Sector and non-Sovereign Guaranteed Operations, IADB

Mr Schulz opened by welcoming all the panellists and stressing the importance of SMEs to the economy, making up 99 % of businesses and on average 60 % of employment. He set out the needs of SMEs to be able to access globalised markets – access to finance, education, productivity and increased competitiveness, an ecosystem of services, a reduction in administrative burden and reformed bankruptcy regulation.

He continued by saying that policies have aimed to stimulate SMEs in LAC; however there still isn't a level playing field. A range of national, regional, international and multilateral actors are involved. Private funds have also been trying to upscale SMEs. He cited a lack of business angels and low levels of venture capital as a problem for LAC. As a result, there are high levels of dependency on development banks. Gender equality remains a problem and represents an underdeveloped opportunity.

Mr Schulz highlighted the need to look at how SMEs can be better integrated into value chains and stated that this workshop was aiming to identify solutions that could work in the EU and LAC.

Ms Maria Aminta Quirce Lacayo, General Director – Banca Mujer, National Bank of Costa Rica

Ms Quirce Lacayo shared her experience of a programme run by the Costa Rican national bank to support women. The programme is ten years old and is being reviewed. The level of female entrepreneurship has increased – now twice the rate of male entrepreneurship. Professional women are also more innovative than their male counterparts; they look for better opportunities and use more technology. In the past, women had focused on more subsistence businesses. Nowadays, they are involved in trade, services and agribusiness. Eighty-four per cent of businesses in Costa Rica (CR) are micro businesses which are difficult to formalise. Administration is not the problem; low profitability creates a cost barrier to formalisation. This also means that they are unable to link into value chains.

Ms Quirce Lacayo continued by saying that more innovative businesses can link into export markets, above all in services. The requirements of large businesses need to be better understood to achieve this. The programme has held a number of events and made contacts, but not being able to produce sufficient quantities or not knowing/understanding technical specifications are a barrier to value chain integration.

In CR, property is often registered under men's names, for cultural reasons. This creates problems when applying for guarantees for financial services.

How to overcome these problems? No credit history makes it difficult for banks to judge risk. The programme is looking at the possibility of using various credit scores to overcome inequalities. There are also government guarantee schemes for development projects (between 50 % and 75 %). However, the problems are not only financial. Training is available to help people draw up business plans.

The Accelerate programme tries to educate female entrepreneurs to focus on business growth and innovation, providing training on tax issues, ICT, online marketing, which in turn leads to more exports. Woman are still more responsible than men for household tasks, leaving no time for support networks, so online support networks have been set up. Business conferences are run, at local and national levels, with support to cover participation costs. The Chambers of Commerce provide support as well by creating linkages with trade fairs. By the end of year there will be an online female entrepreneurs' network.

Mr Francisco Nicolás González Díaz, Executive Director, PROMEXICO

Mr Gonzalez Diaz moved on to examine the situation in Mexico. He stated that increased finance was required to help with economies of scale. SMEs represent a very low level of GDP.

Structural reforms have been agreed in Mexico in relation to financial reform aimed at solidifying institutions and providing more flexible financing via guarantees. The situation is similar to Costa Rica – women generally own less property. However, women and youth have better bank repayment profiles. Options are being looked at to facilitate or remove the requirement for guarantees. Guarantees could be incorporated into payments with lower interest rates.

Mr Gonzalez Diaz continued by saying that, as others had already mentioned, integration into value and production chains was key. Manufacturing is well developed in Mexico. There needs to be alliances with certain sectors and we must look to link up suppliers coming from abroad with small, local businesses. He continued that they are also looking for SMEs in LAC to integrate into Mexican value chains. He wants consortia of SMEs so that they can become more competitive in global markets, citing the success of blackberry production (30-35 % of European blackberries come from Mexico).

Youth is now a target group for entrepreneurship with support for start-ups and entrepreneurship. Crowdfunding must be further developed to remove dependency on the government (some legal changes are still required), or even crowdfunding with government support.

Mr Gonzalez Diaz finished by saying that the EU programme to help SMEs export to the EU had had a positive impact for viable businesses and that the environment in Mexico is changing, with the government trying to fill lacunae where they exist.

Mr Carlos Ruiz, Director, CEPYME

Mr Ruiz focused on the situation of SMEs in Spain.

CEPYME is a business organisation, bringing together around 1 million SMEs of all sizes from all over Spain. Their main problem is access to finance. Everyone agrees on this but there is no single, easy, quick solution. Economic consolidation must lead to increased competitiveness and growth of SMEs.

The main structural challenge in accessing finance is not the risk profile of the SMEs, but information. How to compare different business models, how to certify solvency and business paths? A lack of guarantees, risk aversion and financial fragmentation, which strangles growth and investment, are also problems.

The banking sector is vital for funding SMEs as there is a lack of diverse funding streams: venture capital, direct investment and equity shares. Diversification is urgently needed. SMEs, above all start-ups, must be able to choose the most suitable funding stream. We should highlight national and European programmes. We need more specific mechanisms for SMEs with specific risks. EFSI (European Fund for Strategic Investments) could be used for this, supporting finance for equity shares or debt issuance.

Mr Ruiz continued stating that the solvency of SMEs must be increased. There should be better fiscal incentives for greater capitalisation. SMEs need access to knowledge held about them by others to be able to correct their credit history. Less than 30 % of the requests for finance to non-habitual banks are accepted. There should be checklists for SMEs so that they can improve their credit rating.

New opportunities must also be considered: the digital economy, crowdfunding, reduced transaction costs. Better information for SMEs can help improve knowledge of these tools. More funding streams are available to larger businesses, but the focus cannot only be on growing SMEs.

Mr Ruiz concluded by saying that SMEs are varied; there are commonalities but also many differences which require different solutions. The main challenge is access to finance; there must be more options.

Mr Ángel Rivera Congosto, Senior Executive Vice-President, Banco Santander

Mr Rivera began by stating that SMEs are important for job creation and that every market is different, every SME sector is different. However, there are some commonalities: finance is the main

used in the future. Regions can use up to 7 % of their funds for this. It has a five-fold multiplier effect, replacing subsidies with a 1-1 ratio. This could be scaled up in the future.

Other programmes include Innofin, another guarantee structure that identifies innovative SMEs with high growth potential (those holding patents, etc.). COSME is another guarantee scheme providing guarantees for 50 % of the risk for loans up to EUR 150 000. These two guarantee programs are managed by the European Investment Fund.

In Greece and Cyprus, the EIB has been helping banks with guarantees to continue exports and imports. As credit ratings have dropped, the EIB has approved credit lines for Greek and Cypriot banks when the market was not accepting such risk.

The EIB is also trying to drive online banking services. Can the best help the weakest create online funding platforms?

The EUR 21 billion Juncker Plan (of which EUR 5 billion is dedicated to SMEs) can be leveraged to EUR 320 billion.

The EIB has a mandate to work in a range of countries. In LA there are funding lines for climate change, energy efficiency and renewable energy projects.

The EIB-IADB facility started one year ago and is looking at internationalisation of SMEs; it is helping SMEs to invest in the EU and LAC.

Mr Guillermo Fernández de Soto, Director for Europe, Development Bank of Latin America (CAF)

Mr Fernández de Soto began by saying that everyone recognizes that SMEs have great strengths. They are key to creating a productive sector, for employability, and for insertion into value chains, all producing benefits for society. In the EU cooperation plan, SMEs have a strategic role with funds from a range of entities.

The EU has a strong SME sector. LAC has seen slightly slower development, and there is still a long way to go. According to the World Economic Forum competiveness index, LAC is far behind. Should a task force be set up to focus on the issues? The focus must be on implementation, with the support of the EU and multilateral banks, to follow up on all these initiatives. We must look at the cost of financing, and creating a critical mass of SMEs to receive financing. *According to CAF´s studies, younger SMEs (5 years or less) show more potential to become successful enterprises, they also tend to grow in size; hence, more focus should be placed on younger businesses.* A long-term strategy is required to allow for consolidation. Mr Fernández de Soto reiterated the importance of support guarantees and internationalisation. Knowledge transfer is essential as well as links to universities.

SMEs mainly finance themselves through informal venues at significantly higher than market rates; they do not want preferential rates, just formal credit lines with a better follow-up from banks. The way credit lines are currently designed means that some SMEs are never going to be able to access them.

Mr Luis de Carlos, President, Fundación Iberoamericana Empresarial

Mr de Carlos thanked the speakers and briefly, summarised some of the key ideas: a focus on SMEs with high growth potential, internationalisation and barriers to it, improving the institutional framework, and diversification of funding. He reaffirmed the catalytic role of SMEs and the importance of finance.

In that regard, he highlighted that supporting dynamic SMEs operating in the formal economy is essential for the improvement of productivity and competitiveness, and also for the development of nations. SMEs are a driving force for development, create a great deal of jobs and enjoy a high volume of sales. In order to reach international markets, he stated that small companies might join the value chains of bigger companies, which could have a tractor effect for the former and provide them with financing, training and knowledge transfer. He added that the participation of SMEs in digital platforms should be promoted in order to improve their access to financing and to new markets.

Conclusions

The Business Summit wrapped up with conclusions from Mr Calleja, Director General of the Directorate General (DG) for Internal Market, Industry, Entrepreneurship and SMEs, Dr Viktor Klima, President of Eurocamara of Argentina, and Mr Fernando Frutuoso de Melo, Director General of the DG for International Cooperation and Development.

Mr Daniel Calleja, Director General of the DG for Internal Market, Industry, Entrepreneurship and SMEs

Mr Calleja said that the results of the summit were extremely positive. The business meeting has been a concrete testimony of the importance that both the EU and CELAC Member States give to development in and cooperation between the two zones.

Since the first summit in 1999, there have been tremendous improvements in the business relations between both regions. Only in 2014, the EU conducted 18 missions, visiting nine countries and signing 30 letters of intent to cooperate on key industrial sectors, such as SMEs, tourism, standards, aerospace and construction.

One of the main conclusions of the Brussels summit was a unanimous call to foster the internationalisation of SMEs. In Europe, only 13 % of SMEs operate outside their own countries.

It is important to develop sustainable cooperation through the creation of clusters, which are the most effective way to combine business and innovation. Authorities from the two regions should favour investments on both sides. It has been said that Europe invests in Latin American and Caribbean countries more than the cumulated investment in China and Russia. Accordingly, CELAC companies should increase their investment in Europe.

Participants also recommended creating innovative ways to access financing and risk capital. Mr Calleja recalled that, in the USA, only 30 % of the companies are dependent on bank credits, compared to 60 % in Europe. The European Bank for Investment and Financing is a fundamental tool to achieve this goal.

Mr Michl Ebner, Vice-President of EUROCHAMBERS, began his intervention by pointing out that EUROCHAMBERS has been working for more than ten years with LA, especially in support of the internationalisation of SMEs.

He presented EUROCHAMBERS’ views on what has to be done to strengthen the EU-CELAC relationship. The Latin American and Caribbean region is very interesting and has resisted crisis very well, which means a great opportunity for business. As a result, direct investment in the region has increased and new FTA have been signed with Peru, Central America, etc., and other FTAs are in an ongoing process of negotiations. He hoped this Summit could provide FTA negotiations with new momentum as well as new business opportunities for EU companies. Although EU companies are facing many problems, the European Union is a success: EU companies are seeking new markets and contacts. The economic relationship has changed but it is still complementary. Our future and competitiveness depend very much on our relationship with key partners such as CELAC.

Mr Ebner stated that from this Summit he will take with him, as an entrepreneur, the opportunity for improvement that has been mentioned: both regions have a dynamic relationship, but it can lose impetus in lean times of economic constraints. Politicians, entrepreneurs and society share the responsibility of searching for new models of strategic partnerships; new opportunities that would demand qualitative investment, promoting trade and social inclusion, CSR, and a stable and transparent legal framework. All those aspects are not exclusive but inclusive.

A long and strong EU-CELAC partnership needs to represent a win-win situation, not only in trade but also in terms of cooperation from a qualitative point of view based on links to population, social responsibility and common objectives. To continue this alliance we need an enabling environment for companies; to promote bi-regional relations we need to give special attention to SMEs; and to promote sustainable and inclusive growth through SMEs’ inclusion.

EUROCHAMBERS also supports sustainable growth in Europe. If Europe wants to be economically strong, it needs to support SMEs’ competitiveness and their presence in the global market.

Mr Ebner gave some specific recommendations on how to promote SMEs’ role in our region: the authorities need to work jointly in order to establish a bi-regional approach to internationalisation and grant access to both markets; and to promote investments in innovative products and the value chain, in order to achieve future sustainable growth and employment. EU-CELAC needs to work together to improve both ITC and the legal framework, making them investment-friendly and also to support any kind of network, especially lifting any legal constraints to SMEs.

Mr Ebner finished his intervention by reminding the audience that it is our responsibility to maintain pressure on our politicians so that our voice is heard. That's the key to sustainable development for both regions.

Mr Fernando Frutuoso de Melo, Director General of the DG for International Cooperation and Development, European Commission

Mr Frutuoso de Melo stated that he would focus on how development instruments can complement SME development and reiterated the importance of the meeting. He stated that the aim of development policy was to reduce poverty and achieve social cohesion, saying that there was a global consensus, which recognised that economic growth and job creation were the only ways to achieve this. This was what had happened in Europe and elsewhere.

He continued stressing the importance of the two-way economic links between the two regions; in 2013, 20 % of FDI in the EU came from LA and the EU was the largest investor in LA, with 34 % of all FDI. Poverty and extreme poverty has reduced significantly in recent years in LA.

Mr Frutuoso de Melo turned to the SDGs, and their approval this coming September to replace the Millennium Development Goals (MDGs). The SDGs would pull together the different facets of development. Private investors are key partners. Public investments are still significant but history has shown that private investment is needed. Last year, the EU agreed policy guidelines for development and private investment.

One of today's conclusions is that SMEs musts be better integrated in trade. Clusters are needed to deal with quality improvements, trade and the harmonisation of norms, all of which are vital for internationalisation. We are trying to create these conditions for SMEs to flourish. Certification, food safety, effective borders, etc. are areas we can help with from a development point of view.

A second conclusion would be that tax and regulatory regimes are of paramount importance for a sustainable business environment based on innovation, resource efficiency, decarbonisation and job creation. Financial transfers are also important, as well as PPPs, looking to the Addis Ababa conference on finance for development.

A third conclusion would be the importance of access to finance. The European Commission has moved forward here with new instruments: blending and leveraging have been successful and are contributing to economic growth and job creation. We are renewing the investment facilities for the LAC regions. The investment facilities allow for direct investment, creating local facilities managed at a local level. The development cooperation instrument is the main instrument; however, there also horizontal programmes that can fund projects.

Mr Frutuoso de Melo concluded by saying that the two regions face common challenges and have historical links and common interests. He finished by saying that we (the EU and CELAC institutions as well as public authorities) will do more and will work in a more integrated manner in order to have a larger impact on our common challenges.