

» Latin America... in search of an ocean

Madrid » 10 » 2016

Reflections before the next international meetings affecting Latin America

Two international meetings of great importance for the region will take place on American soil in just over two weeks. The first is the Ibero-American Summit to be held in Cartagena de Indias on 28-29 October and the second is the Asia-Pacific Economic Cooperation (APEC) forum to be held in Lima on 17-19 November.

Interestingly, both of these international meetings will cast their "eye" and influence over a common sea, an ocean mass that serves as a meeting point for their respective interests, the Atlantic in the first case and the Pacific in the second.

WHERE TO LOOK?

The starting point for Latin America, no longer in a deep cycle of change but rather in a clear change of era, allows us to reflect on where the subcontinent should look in search of greater support and collaboration. On the one hand, it could look to its natural, traditional, and historical partners as some call them, which have the Atlantic Ocean as their common shore, with Spain leading the relationship. On the other, giving credit to the new partners, are those of the Pacific Basin, key players in the growth in infrastructures and energy seen in the region over recent years and "guilty" of its slowdown as they cool their investments.

Discussion of this dichotomy might not be very relevant in practical terms, since today more than ever Latin American countries need investment and support, regardless of the geographical area it

comes from. However, in terms of geostrategy, it would be good to know from where the greatest influence may come and on what basis the future of the region will be designed.

If we are ready for a "change of era" in Latin America, this is an excellent time to hold these international meetings at the highest level, where we may see the reality of each shore revealed, that of Cartagena and that of Lima.

25 YEARS OF IBERO-AMERICAN SUMMITS

In the early days in Guadalajara, Mexico, in 1991, when the first Ibero-American Summit took place as a pioneering forum for the region, no one could have known that this regular meeting of Heads of State and Government would reach its twenty-fifth year. As Enrique V. Iglesias, the previous Secretary-General of the Ibero-American Secretariat, said, "almost a quarter of a century of continuous annual summits is a remarkable achievement. Over the same period the system of Inter-American States, the oldest political group in the Americas, brought together its Heads of State eight times."

Latin America is clearly not the same now as it was then. It has had to go through a "lost decade", another "golden decade" and the beginning of a decade without a name, to arrive at a position where it is now more autonomous in its relationship with Europe. Now there are organisations such as CELAC or USAN, which do not accept members from outside the region, and we see other economic blocs of countries with very diverse interests, such as Mercosur, the Pacific Alliance and even Alba, facing difficult times.

In this context, the process of renewal of the Ibero-American Summits, that began in Cádiz and culminated in Veracruz, has transformed the functioning of these meetings on the basis of the Lagos Report. The result has allowed for a change in the frequency with which the Summits are held, a focussing of the priorities and the idea that cooperation is the "KPI" or measurement of the success of these types of activity. Sometimes we need outsiders to come and give us credit and this is what is happening in the area of South-South cooperation, where the United Nations has recognised Ibero-American leadership in this area. This cooperation involves the sharing of resources, technology and knowledge between developing countries and has seen more than 7,500 projects since 2007.

Given this context, it is difficult not to agree with Rebeca Grynspan, the current Secretary General of the Ibero American Conference, who defined the presidents who organised the first Summit as "truly ahead of their time, there being few examples of ongoing dialogue between dozens of countries over a quarter of a century".

The focus of the summits has clearly been on the future: entrepreneurship, young people, and education and this is where many programmes, grants, partnerships, etc., organised by SEGIB, have been seen over time. While these are not very well known by the general public, they have had a great impact on the young people



in Latin America. One paradigmatic example is the recently named "Ibero-America Campus", a true Erasmus programme for the region, focussed on regional academic mobility with more than 500 participating universities and with an expected target of more than 200,000 movements for 2020.

As on other occasions, it is the Business Meeting, run in parallel to the summit, which brings the political approach and grandiose statements down to earth. In this edition, many business leaders have already confirmed their attendance at the event, no doubt aware that the Ibero-American market, made up of 600 million people, 10% of the world's population and with an economic force that would, if taken as a whole, equate to the world's third largest economy, is a market that requires attention and careful monitoring.

Despite the ups and downs that traditionally affect the region in terms of growth and development, Ibero-American business leaders do not want to stop bringing the issues that really concern them to the table. As Luis Alberto Moreno, President of the IDB, recently pointed out, the concerns of the business community are how to promote innovation in small and large businesses, how to increase trade and investment between Ibero-American countries, how to educate those who will fill the jobs of the future and, ultimately, how to deal with the technological revolution taking place.

Economy, development and investment are the key terms in the new Ibero-American relationship. These elements are interwoven with a mass of common values, principles and history which adds a differential element to a simple business relationship, namely the creation of this "Ibero-American space", made up of people and what they create: companies, institutions, etc., as real as life itself.

LOOKING TOWARDS THE PACIFIC

Against this Atlantic context, so strongly represented in the format of the Ibero-American Summits, we must not forget that for some years now, other expansive forces have been exerting their influence over Latin America but without the same effect.

The Asian economies, led by China, have benefited from the connection that the Pacific Basin provides. They have identified a wide "beachhead" on the American west coast, from Tijuana to Tierra del Fuego, which allows for an easy disembarkation across the whole of the region.

China did not let this opportunity pass it by. With the entry of the Asian giant into the World Trade Organization in 2001, trade relations with Latin America grew exponentially, creating an explosion in trade between the two regions. In just a few years, China became the second largest trading partner in the region, surpassed only by the United States. The demand for raw materials was one of the levers for growth, something that is very important to some Latin American countries with large reserves of oil, minerals and agricultural products ready for export.

Such has been the influence and connection between the two regions that, surprisingly, most analysts agree that there is a "synchronisation of the economic cycle of the Asian giant with Latin America" as ECLAC experts outline. Thus, growth in China went hand in hand with the take-off of the Latin American economies and, therefore, the Chinese "cooling" inevitably caused the Latin American "cold". This is exactly what has been happening since

“The focus of the summits has clearly been on the future: entrepreneurship, young people, and education”

the end of 2012, a slowdown in the Chinese economy, aggravated by a fall in the prices of commodities in international markets. According to OECD data for 2015, there is a clear trend of falling exports to China by most Latin American countries for the first time in many years.

In this new scenario of marked uncertainty, the Asia-Pacific Economic Cooperation (APEC) forum is meeting in Lima on 17-19 November 2016. The concern of APEC, as a mechanism for economic cooperation, is the development of trade, investment, technical cooperation and anything that can generate wealth for its 21 member countries, all located in the Pacific Basin.

Without a doubt, the Latin American countries taking part, Peru, Chile and Mexico, along with many others who may benefit indirectly, will be eager to receive the full cooperation and support of global players. China is at the head of the list but there are others of no less importance such as Russia, Japan, South Korea, Australia, etc. from the far Pacific and other closer and more influential countries such as the United States and Canada.

This will be the fourth time in its 27 year history that APEC has met in Latin America and Peru has been keen to take advantage of the opportunity to raise as the central theme of this forum "the growth of quality and human development" that allows for both economic growth and the eradication of poverty. It is curious that this inequality that they seek to tackle is not only a characteristic of the Latin American countries, but rather is a common factor in most countries in the broad Pacific Basin.

This APEC forum, therefore, could not be more interesting, due to both the context and the choice of location and the expectations being generated around it, which are very high.

PACIFIC OR ATLANTIC? IT MAY NOT BE NECESSARY TO CHOOSE...

This dual international meeting, with the two taking place at the same time but with very disparate interests and areas of influence, could suggest a dilemma for some Latin American countries in terms of having to choose between looking to the Atlantic, a traditional area for its relationships, or to the Pacific, from where the winds of change are blowing.

Nothing is further from the reality. The real strength of Latin America has been shown to be its dynamism and adaptability to new circumstances, without historical prejudices and obsolete references, respecting common values and interests but also opening up to new opportunities, wherever they come from.

Having overcome the "America for the Americans" of the Monroe Doctrine, it would now be in very bad taste to talk of an America for the Atlantic or an America for the Pacific, when this Latin America is capable of looking to both sides, with the skill and courage to "fish in both oceans."

The young Latin American population and the companies and institutions they create continue to be a focus for attracting investment and new projects and the trees of the current situation are not going to prevent anyone from seeing the forest of a region where it is possible to do business, here and now. The hundreds of companies and business and political leaders who will take part in the business meetings in Cartagena and Lima know that.



Claudio Vallejo is Senior Director of the Latam Desk at LLORENTE & CUENCA Spain. Claudio holds a Degree in Law and a Diploma in Advanced Communication Studies from the Universidad Complutense de Madrid, specialising in international relations and international marketing from the University of Kent at Canterbury (United Kingdom). Before joining the firm he worked as Senior Advisor with the multinational strategic communication and public affairs company KREAB. Prior to that, he was the communications director for various companies in leading positions within their sectors, such as CODERE, ENCE and SOLUZIONA. He was also the International Communications Manager for the electricity company UNIÓN FENOSA. Before this experience in the private sector, Claudio was Commercial Attaché at the Commercial Office of the Spanish Embassy in Quito (Ecuador).

cvallejo@llorenteycuenca.com



Developing Ideas by LLORENTE & CUENCA is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

Developing Ideas is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. **Developing Ideas** is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white, **Developing Ideas** exists.

www.developing-ideas.com
www.uno-magazine.com



AMO is the leading global network of strategic and financial communications consultancies, with over 940 professional consultants and offices in more than 20 countries.

The network brings together local market leaders with unrivalled knowledge of financial markets and cross-border transactions in the key financial centers of Europe, Asia and the Americas.

Providing sophisticated communications counsel for M&A and capital market transactions, media relations, investor relations and corporate crises, our member firms have established relationships with many S&P 500, FTSE 100, DAX 30, SMI, CAC 40 and IBEX 35 companies.

www.amo-global.com

