Guatemala and the European Union

Guatemala maintains comprehensive relations with the European Union that include political dialogue, an extensive cooperation programme and a beneficial trade regime. The EU has also played an important role in supporting the application of peace agreements.

Political relations

With around 16 million inhabitants, Guatemala is the largest economy in Central America, represents one third of the GDP of Central America and plays an important role in the promotion of regional integration and the development of relations between the European Union and Central America.

The European Commission, which supports Central American integration and Guatemala's efforts to consolidate the rule of law, has significantly increased its cooperation with the country to €135 million of grant aid for 2007-2013 that has been used for objectives such as justice and security, the improvement of budgetary management, food safety, aid for the young (prevention of delinquency, employment), economic growth and regional integration. The European Union is also helping in the fight against impunity by financing the International Commission against Impunity in Guatemala (CICIG).

In Guatemala, the European Commission currently finances projects for the defence of human rights, food safety, disaster prevention and socioeconomic development that make it possible to provide aid to specific sectors such as indigenous peoples, women and young people, and that are managed by national and European non-governmental organisations.

Economic relations

The European Union is the fifth largest export destination for Guatemala while being the fourth largest exporter to Guatemala.

As a member of the Central American Integration System (SICA) Guatemala’s relation with the European Union includes political dialogue, an extensive cooperation agenda and a beneficial trading regime under the initiative to promote sustainable development and good governance included in the new Generalised Scheme of Preferences (GSP+).

In the area of trade, the Association Agreement means the establishment of a free trade area
between Central America and the EU, which in turn means the effective implementation of a customs union among Central American countries, a process that has made significant progress. The Project for Strengthening the Role of International Markets in Guatemala (FOGUAMI-10 million euros), to help the fair and sustainable growth of the economy and of employment by strengthening foreign trade with regional and European markets, promoting foreign investment and increasing competition and competitiveness, the Facilitation Project for the participation of Guatemala in the Regional Integration Process and the Association Agreement with the European Union (€6.8 million) are all developed within this context.

In addition to these bilateral programmes, the European Union finances the AL-INVEST IV regional programme, the Central American part of which includes the development of specific activities for Guatemala (€2.6 million), with the objective of improving social cohesion in the region (Mexico-Central America) by consolidating SMEs, increasing competitiveness, incorporating new technologies, improving processes and providing links that will help improve environmental management and the internationalisation of products/services in order to take advantage of opportunities offered by regional integration and free trade and business cooperation agreements with Europe.

Trade relations

One of the objectives of the European Union's common trade policy is to support developing countries and their integration into the global economy by promoting the knowledge and infrastructure required to increase their participation in global trade and make the most of its advantages. The EU is the leading donor within the framework of the Aid for Trade initiative of the World Trade Organisation.

An online service, the Export Helpdesk, provides exporters from developing countries access to the European market, including information about import requirements to a common market of 27 countries and 500 million consumers with high purchasing power.

Finally, regarding import requirements to the Central American market, the EU used cooperation funds to support the development of an online tool called ‘Arancel Informatizado Centroamericano’, which contains all the necessary customs information.

Development cooperation

The European Union (The European Commission and member states combined) is the leading donor for development cooperation in Guatemala, with over one billion euros (12 billion quetzals) in donations since the signing of the Peace Agreements in 1996 (over 40 % of the total).

European Union cooperation consists mainly of what is called bilateral cooperation, which is channelled through government and state institutions. However, Guatemala also benefits from regional programmes for Central America and Latin America, as well as from thematic programmes that are generally channelled through non-governmental actors.

In all cases these are donations. In theory, there is the possibility of granting loans through the European Investment Bank, but so far this resource has not been used in Central America.

Bilateral cooperation between the European Commission and Guatemala is based on multiannual strategies, the previous one running between 2002 and 2006 and the latest one between 2007 and
2013. One hundred and thirty-five million euros, approximately 1.6 billion quetzals, were allocated for the 2007-2013 bilateral cooperation programme, focusing cooperation on:

- Social cohesion and public security
- Economic and trade development
- Regional integration

The projects already adopted affect the following sectors or justice and security concerns: support for the improvement of budgetary management, institutional improvement in the youth sector, support for the national food safety policy, support for regional integration and the implementation of the Association Agreement, and support for the International Commission against Impunity in Guatemala (CICIG). All of these programmes cover the entire country.

Priorities for the next few years will focus on supporting improvements in the justice and security sectors and offering greater opportunities to young people through occupational training and especially through the promotion of youth employment. Over 800 million quetzals have been allocated to these two priorities for the next four years.

In the context of thematic programmes, Guatemala benefits from the European Instrument for Democracy and Human Rights and from other thematic aid programmes for ONGs, the environment, food safety, etc. The European Instrument for Democracy and Human Rights has provided 6 million quetzals a year in recent years (there are now 26 projects in progress, representing 70 million quetzals), and other thematic programmes have provided over 20 million quetzals a year (currently with 29 projects, representing in excess of 150 million quetzals). These projects are carried out in the various departments of Guatemala.

Regional cooperation in Central America is focused on support for economic integration (customs union), consolidation of Central American integration institutions, design and implementation of common policies, strengthening the role of civil society in the integration process, regional security, the prevention of disasters and environmental degradation, and food safety. The budget for the 2007-2013 strategy programme exceeds 750 million quetzals.

Finally, concerning regional cooperation with Latin American countries as a whole, there is a donation of around 6 billion quetzals focused on three key priorities:

1. Social cohesion (EUROsociAL and URB-AL programmes)
2. Regional integration and economic cooperation (AL-INVEST and @LIS)
3. Human resources (ALFA and ERASMUS MUNDUS)

The EURO-SOLAR programme, which benefits Guatemala and other Latin American countries, is also being implemented. In addition, at the European Union-Latin America Summit held in Lima in 2008, the decision was made to launch a new regional programme called EUROCLIMA to strengthen cooperation between Europe and Latin America regarding climate change, the environment and energy.

The EU-Latin America Summit held in May 2010 in Madrid launched the Latin America Investment Facility (LAIF) which will provide leverage to mobilise resources from financial institutions.

Documents

documento Estrategia Pais 2007-2013
Documento Estrategia Región 2007-2013
Prioridades de la cooperación entre Guatemala y la UE 2007-2013
Programa Indicativo Multiannual para Guatemala 2014 - 2020

See also

Latin America and the Caribbean
Acuerdo cooperación UE-Guatemala
Acuerdo cooperación UE-Centroamérica
Normas de comunicación para proyectos UE. Caso Guatemala

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