



GALVANIZING SPAIN'S PRESIDENCY FOR THE NEXT CHAPTER

MULTILATERALISM, GREEN TRANSITION,
AND DIGITAL TRANSFORMATION

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FOREWORD

With today's intricate global landscape, Spain's presidency of the Council of the European Union in the second half of 2023 assumes a profound and compelling significance. It calls upon us to delve deeper into the critical importance of fostering a closer partnership among the Euro-Americas—a triumvirate comprising the European Union (EU), Latin America and the Caribbean (LAC), and the United States (US).

This imperative arises against a backdrop characterized by mounting international polarization and global existential challenges that demand unwavering cooperation and renewed commitment to democratic values. Together, the EU and the Americas represent one-third of the member countries within the United Nations, wielding substantial influence in various multilateral organizations. A robust alliance based on shared interests and values will empower the three regions to confront a future marked by profound disruptions.

Today's challenges require resolute commitment to work together, ensuring that democracy and the multilateral system are equipped with the necessary tools to deliver enduring peace and prosperity on a global scale.

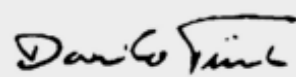
As we navigate the profound changes underway in our world, we are presented with an array of questions that shape our collective future. The transformative power of technology and the devastating effects of climate change have opened two promising avenues that we must approach through the lens of equity: the green and digital transitions. Success in addressing the inherent disparities in these realms will enable our citizens to flourish in the emerging global economy without exacerbating existing inequalities. Failure to do so could further divide our regions, undermining democracy and stability. This critical juncture demands decisive and coordinated action.

This report, a collaborative effort between Club de Madrid and the Atlantic Council, stands as the culmination of extensive consultations with key stakeholders from the EU, LAC, and the United States. It serves as a roadmap for an effective Euro-Americas partnership on shared priorities, extending well beyond Spain's presidency of the Council of the EU.

Recognizing both the synergies and challenges posed by various bilateral and bi-regional initiatives, this publication boldly calls upon the leaders of the European Union and the Americas to transcend their differences, finding common ground to deepen their cooperation. With this overarching message, the report outlines concrete recommendations for Euro-Americas partners to leverage the international architecture they have helped build, steering inclusive green and digital transitions on a global scale.

We extend our gratitude to the Ministry of Foreign Affairs, European Union and Cooperation of Spain for their vision and support, and commend Club de Madrid and the Atlantic Council for undertaking this timely and indispensable initiative.

Signed by: President Danilo Türk, former President of Slovenia and Laura Chinchilla, former President of Costa Rica.



DANILO TÜRK,
former President of Slovenia and
President of Club de Madrid



LAURA CHINCHILLA,
former President of Costa Rica and
Vice-President of Club de Madrid

EXECUTIVE SUMMARY

A bolstered Euro-American relationship is critical for the promotion of prosperity and development across Europe and the Americas. Greater collaboration among the European Union, Latin America and the Caribbean, and the United States has the potential to spur the creation of unique solutions to the world's greatest challenges while leveraging joint opportunities for growth based on shared values and common interests.

Spain's presidency of the Council of the EU presents a unique opportunity to elevate the importance of greater engagement with LAC across the EU and the United States. However, Spain's short tenure at the helm, potential leadership changes for the United States and EU in 2024, and the recent failure to finalize the highly-anticipated EU-Mercosur trade deal emphasize the importance of moving quickly to create tools and mechanisms that leverage the collective strength of the Euro-Americas for a more prosperous future. To further advance this goal, Club de Madrid partnered with the Atlantic Council's Adrienne Arsht Latin America Center to launch an effort geared toward promoting trilateral cooperation, reducing inequality, and promoting development. By consulting regional experts and identifying best practices from successful bilateral cooperation initiatives, the Atlantic Council and Club de Madrid propose nine recommendations to shape the future of the Euro-Americas relationship on three axes: defending democracy, human rights, rule of law, and an international rules-based order; the green-energy transition; and digital transformation.

RECOMMENDATIONS



DEFENDING DEMOCRACY, HUMAN RIGHTS, RULE OF LAW, AND AN INTERNATIONAL RULES-BASED ORDER

1. Harness the transformative power of multilateral organizations by establishing a robust framework for continuous dialogue between the EU-Community of Latin American and Caribbean States (CELAC) Summit and the Summit of the Americas.
2. Deepen shared values by advancing economic integration and people-to-people ties.
3. Create and expand joint initiatives to develop science, technology, and innovation capabilities in Latin America and the Caribbean.

THE GREEN-ENERGY TRANSITION

1. Promote forward-thinking approaches to optimize industry investment in infrastructure and accelerate access to financial innovation to bridge the digital divide and drive sustainable development.
2. Reduce investment risk by equipping local stakeholders with the knowledge and tools needed to successfully navigate the emerging clean-energy sector.
3. Unlock the financial and technical resources that will allow families and small businesses to opt toward clean-energy sources, while ensuring that regional energy-transition projects and proposals account for local needs.

DIGITAL TRANSFORMATION

1. Leverage multilateral organizations' reach to increase cohesion on digital regulation and governance across transatlantic governments based on shared values.
2. Increase the attractiveness of digital infrastructure and human-capital investments by highlighting the economic and social impact of successful digital-transformation initiatives.
3. Guarantee access to the benefits of digital transformation by increasing resource availability and subsidizing cost-prohibitive services.

INTRODUCTION

Spain's presidency of the Council of the European Union in the second half of 2023 was a unique opportunity to deepen partnerships between the Euro-Americas. The current global landscape—marked by Russia's invasion of Ukraine, and the humanitarian crisis unfolding in Gaza and Israel following Hamas' terrorist attacks in Israel—has had devastating implications for peace and prosperity, food and energy security, global commercial relations, and the resilience of democracy and multilateralism.

Throughout history, Euro-American cooperation based on shared values and common interests has played a decisive role in shaping an international order underpinned by notions of sovereignty, territorial integrity, and the United Nations Charter. Endowed with a wealth of natural resources, incredible potential for joint influence in multilateral forums, notable human talent, and a key position in global supply chains, a strengthened Euro-Americas partnership will be essential to carving out a more prosperous future for both regions and for the transatlantic partnership.

To advance this goal, Club de Madrid partnered with the Atlantic Council to launch an initiative under the framework of Spain's presidency of the Council of the EU, focused on how to strengthen trilateral cooperation with the goal of reducing inequality through sustained development in LAC. With support from the Ministry of Foreign Affairs, European Union, and Cooperation (MAEUEC) of Spain, the two organizations convened a series of private roundtable discussions and consultations with participants including former heads of state who are members of Club de Madrid, senior government officials, multilateral organization representatives, business leaders, civil-society leaders, and academics from the Euro-Americas region. Based on the political declaration and roadmap of the EU-CELAC Summit held in Brussels in July 2023, these consultations focused on three themes central to Spain's presidency of the Council of European Union: the defense of an international rules-based order, democracy, the rule of law, and human rights; the green-energy transition; and the digital transition. This report highlights

the main areas of focus for the future agenda of the interregional relationship. It provides an overview of nine concrete and actionable recommendations that should be central to interregional cooperation beyond Spain's presidency of the European Union's Council of Ministers.

At its core, this report underscores the pivotal role played by multilateral organizations, highlighting how LAC's significant presence in these bodies can empower regional communities and advance common objectives. Moreover, by embracing innovative strategies to reduce investment risk and foster local industry and talent, this collaboration promises monumental outcomes for the region. The nine recommendations in this report can serve as the building blocks of a dynamic and fruitful partnership that will shape the future of the Euro-Americas relationship—uniting nations, fostering innovation, and ensuring a prosperous transatlantic future.



DANILO TÜRK

President of Slovenia (2007–2012) and President of Club de Madrid

"Democracy is here to stay, but it can easily deteriorate. EU-Americas relations can improve the quality and delivery of democracy."



LUZ MARÍA DE LA MORA

Former undersecretary of foreign trade of Mexico (2018–2022) and nonresident senior fellow at the Atlantic Council

"EU-LAC-US collaboration is vital to strengthening a rules-based international order. By uniting their efforts, the EU-LAC-US have the capacity to advocate for democracy, human rights, and the rule of law more robustly. Such cooperation not only bolsters these principles within each but also sets a compelling precedent for the rest of the world, at a time of great volatility and uncertainty."

FRANCISCO SAGASTI

President of Peru (2020–2021)

"The development of science and technology capabilities is one area in which the EU and the Americas can easily cooperate and find consensus. It should be done cooperation with the multilateral development banks."

CARLOS ALVARADO

President of Costa Rica (2018–2022)

"Green and energy transitions cannot lead to a more polarized and unequal world. The LAC region should have access to enough funding. The reform of the international finance architecture is key."

JORGE QUIROGA

President of Bolivia (2001–2002)

"A strong and lasting EU-Americas relationship, built on shared values, requires fair economic and trade cooperation."



CONTEXT

Examples of bilateral collaboration between the EU and the United States, the EU and LAC, and the United States and LAC have existed in multiple spheres. The EU and the United States have partnered on initiatives such as the [Positive Economic Agenda](#), designed to bolster bilateral cooperation in trade and commerce; the [EU-US Trade and Technology Council](#), established to drive digital transformation and cooperation based on shared values; and the [EU-US Task Force on the Inflation Reduction Act \(IRA\)](#), created to mitigate concerns for EU producers. Similarly, the EU and LAC have assembled to form structures such as the [Euro-Latin American Parliamentary Assembly \(EUROLAT\)](#) and the [EU-LAC Digital Alliance](#), among others.

The United States, a historic and natural ally for LAC in Western Hemispheric affairs, has taken large steps to bolster relationships with LAC by supporting the creation of the [Summit of the Americas](#) and the [Americas Partnership for Economic Prosperity](#) to tackle some of the region's greatest challenges and opportunities.

Spain's presidency of the Council of the EU was a great stride toward developing trilateral mechanisms of cooperation and integration, which will bolster the existing bi-regional initiatives by tackling similar challenges and embracing comparable opportunities.



Figure 1: Key bi-regional and bilateral initiatives between the partners of the Euro-Americas.

However, three factors narrow the window of opportunity for the Euro-Americas partnership to advance its shared goals and chart the course for continued action: the transitory nature of Spain's presidency of the Council of the European Union; major elections across the Euro-Americas in 2024; and disagreements regarding the EU-Mercosur trade deal.

1. The Spanish Presidency of the Council of the European Union

Spain assumed the presidency of the Council of the EU in July 2023. The country utilized the platform to elevate its long-standing priority of leveraging the under-tapped relationship with LAC within the broader EU. After an eight-year hiatus in bi-regional engagement, Spain revitalized conversations surrounding EU-LAC engagement by convening more than fifty leaders from both regions for the 2023 EU-CELAC Summit in Brussels. This occasion produced a comprehensive [forty-one-point joint declaration](#), set a roadmap for [bi-regional engagement](#) through 2025, and announced €45 billion worth of European investment in LAC as part of the [EU Global Gateway Initiative](#)¹. The upcoming EU presidencies of Belgium, Hungary, Poland, and Denmark will be responsible for maintaining the political momentum until 2025, when a new EU-CELAC Summit takes place in Colombia. Incorporating a US perspective into this movement is crucial to successfully leverage this momentum beyond Spain's presidency.

2. Elections in Europe and the Americas in 2024

In recent years, positive engagements between US President Joseph R. Biden, European Commission President Ursula von der Leyen, EU High Representative for Foreign Affairs and Security Policy Josep Borrell, and Spanish Prime Minister Pedro Sánchez have bolstered the Euro-Americas relationship. However, the US presidential and congressional elections in 2024, alongside the nearing end of the European Parliament's five-year terms and the subsequent new leadership of European institutions, could alter previously existing alignments among the blocks. New leadership could hamper efforts to further develop the relationship and potentially limit progress on [impending trade deals](#) with LAC counterparts who are also holding elections in 2024, such as Mexico.

3. The EU-Mercosur Trade Deal

In 2000, the European Union and the Southern Common Market (Mercosur)—comprising Argentina, Brazil, Paraguay, and Uruguay—launched negotiations for a comprehensive trade deal. Despite much anticipation that the EU-Mercosur Association Agreement would be finalized at the Mercosur Summit in Rio de Janeiro on December 7, 2023, talks stalled again when the outgoing Argentine government announced that an agreement would not be reached until after the presidential transition on December 10. Argentina's incoming foreign minister has voiced her desire to strike a deal with the EU. However, the prospects for reaching an agreement are uncertain, [following criticism of the deal by French President Emmanuel Macron](#) due to dissatisfaction with the deal's environmental standards.

These deadlines and uncertainties underscore the importance of quickly establishing a partnership that transcends electoral cycles. This trilateral partnership should work to reduce inequality and strengthen sustained development across LAC, the EU, and the United States. To achieve this goal, the Atlantic Council and Club de Madrid identified three thematic priorities that aim to address some of the strategic challenges for LAC.

- 1. Defending Democracy, Human Rights, Rule of Law, and an International Rules-Based Order**
- 2. The Green-Energy Transition**
- 3. Digital Transformation**

The following sections explore each of the aforementioned areas of focus, providing recommendations that will facilitate greater interregional collaboration on key issues.

¹These funds would focus on accelerating the green and digital transformations, human development, and health resilience in LAC.

DEFENDING DEMOCRACY, HUMAN RIGHTS, RULE OF LAW, AND AN INTERNATIONAL RULES-BASED ORDER

Throughout history, EU-American relations have been marked by close collaboration and continuous engagement built upon shared values and interests. This inter-regional partnership has played a pivotal role in establishing and fortifying a multilateral system rooted in principles such as democracy, the rule of law, and human rights. Over the past several years, the rise of disinformation, the economic and social impact of the COVID-19 pandemic, technological breakthroughs in social media and artificial intelligence, and the increasing influence of non-democratic geopolitical actors have challenged these principles, threatening the rules-based order and the premise that democracy can, in fact, deliver peace and prosperity. Amid rising geopolitical challenges, cooperation between the European Union and the Americas to protect and strengthen democratic values is more important than ever.

However, polarization, barriers to dialogue on democracy and governance, the underutilization of multilateral forums, and a lack of constructive strategies to promote shared values often hinder interregional integration. These hurdles are exemplified by current disagreements over how to address crises such as Russia's invasion of Ukraine and the ongoing conflict in Gaza and Israel, as well as challenges to democracy in countries like Cuba, Hungary, Nicaragua, Poland, and Venezuela, among others, or how to engage with treaties that fail to include provisions related to human rights and the rule of law². Together, the EU and the Americas make up one-third of United Nations member countries and are highly represented in other multilateral organizations. Given their considerable influence in the multilateral space, a stronger and expanded alliance geared toward fostering transformations that ensure peace and prosperity is natural.

Looking ahead, advancements in artificial intelligence, the proliferation of disinformation, and the growing influence of non-democratic global actors will continue to present challenges to the interregional relationship. In this context, investing in LAC means supporting the stability of democratic societies, which are the bedrock of the rules-based international order and the multilateral system.

² The United States opted against inviting non-democratic countries like Cuba, Venezuela, and Nicaragua to the Ninth Summit of the Americas, held in Los Angeles in 2022. This sparked harsh criticism from Argentina and CARICOM countries, with Mexico, Bolivia, and Honduras ultimately refusing to attend the summit. In contrast, the three countries were invited to the EU-CELAC Summit held in Brussels in 2023, which ultimately led to both Venezuela and Cuba signing a final declaration that included "concerns on the ongoing war against Ukraine."

RECOMMENDATIONS

1 | HARNESS THE TRANSFORMATIVE POWER OF MULTILATERAL ORGANIZATIONS BY ESTABLISHING A ROBUST FRAMEWORK FOR CONTINUOUS DIALOGUE BETWEEN THE EU-CELAC SUMMIT AND THE SUMMIT OF THE AMERICAS.

Although the EU, the United States, and LAC collectively represent a substantial portion of the membership of multilateral organizations, issues such as underutilized forums, lack of coordination, and inconsistent high-level dialogue hamper the full potential of their political influence within the multilateral system. This is particularly pressing considering the potential influence that the EU, the United States, and the LAC bloc could have through strategic alignment in critical areas such as democracy, the rule of law, and human rights. To successfully advance common objectives and harness the collective strength of the bloc, nations must identify mechanisms to maximize their cohesive decision-making power on the multilateral stage with the necessary tools and funding to fulfill their mandates effectively.

The EU, the United States, and LAC should collaborate to promote the integration of cooperative frameworks to avoid duplication and to utilize resources more efficiently. For instance, the Euro-Americas bloc should create a dedicated institutional platform for coordination among similar initiatives such as the EU-CELAC Summit and the Summit of the Americas. This would not only maximize resource allocation and reduce duplication, but also accelerate coordination among transatlantic and regional stakeholders, allowing participating nations to align priorities, share best practices, and pool thematical expertise.

For instance, the [EU-LAC Global Gateway Investment Agenda](#), launched during the EU-CELAC Summit, committed funding for projects that revolve around four pillars of mutual interest: green transition, digital transformation, human development, and health resilience. Only a year earlier, the Summit of the Americas produced five political agreements: climate change, clean energy, digital transformation, health, and democratic governance. The convergence among the

summits' policy priorities underscores the potential for synergy and collaboration. The integration of their respective efforts, if strategically coordinated, has the potential to advance shared objectives on a global scale.

With this in mind, 2025 could be a year of historic significance as the Summit of the Americas, to be hosted by the Dominican Republic, will coincide with the potential hosting of the EU-CELAC Summit by Colombia. The Summit of the Americas Secretariat, through its Joint Summit Working Group (JSWG), should appoint a special commission to coordinate actions with the EU-CELAC Coordination Mechanism. Future cooperation should part from the recognition that, to successfully deliver on their high ambitions, the Summit of the Americas, the EU-CELAC Summit, and any future summits attempting to gather all countries of the Euro-Americas will need permanent staff and robust follow-up mechanisms involving high-level government officials to ensure that commitments are fully implemented.

The key takeaways from such partnerships could directly contribute to other areas of transnational collaboration such as climate change, climate investing, and the broader fields of science, technology, and innovation. By sharing best practices and leveraging local expertise, the EU, the United States, and LAC will contribute more effectively to some of the globe's greatest challenges, and enable the regions to enhance their capacity to protect democracy, human rights, the rule of law, and the rules-based international order.



2 | DEEPEN SHARED VALUES BY ADVANCING ECONOMIC INTEGRATION AND PEOPLE-TO-PEOPLE TIES.

To continuously adapt the democratic system to global challenges—such as technological disruptions, disinformation, populism, and polarization—it is critical to explore innovative ways to incentivize likeminded partners in the Euro-Americas to improve governance and reinforce shared values.

Although the United States has ceased negotiating new free-trade agreements (FTAs) in the region, economic initiatives such as [the Americas Partnership for Economic Prosperity \(APEP\)](#) should be leveraged and reinvigorated to stimulate investment and regional economic integration. The EU should prioritize treaty renewal with countries like [Chile](#) and [Mexico](#), and pending trade negotiations such as the potential [EU-MERCOSUR free-trade agreement](#). The full ratification of the European Union-Central America Association Agreement, including its cooperation pillar, should also be promoted as a means to strengthen confidence in the region.

Drawing inspiration from proposals like the Americas Act in the United States, a path can be forged through which economic cooperation and integration effectively stimulate improved governance procedures, either through institutions or policymaking standards. By improving institutional processes and practices that deliver more transparency, accountability, inclusive participation, and responsiveness, sustained international trade integration could foster an environment of nations incentivized to defend the principles and practices that underpin a more just and democratic world order.

Trust in transatlantic and transcontinental economic policy also stems from resilient and robust relationships among people. Programs like [Erasmus](#) and [100,000 Strong in the Americas](#) are concrete examples of tools that strengthen people-to-people relationships across national borders. However, these programs should be expanded such that citizens of all countries in Europe and the Americas are eligible to participate. Similarly, initiatives like the [International Visitor Leadership Program](#) should incorporate exchange opportunities beyond the United States, encouraging emerging US and EU leaders to visit and work with LAC counterparts. By broadening the programs that offer opportunities for students and professionals to live abroad, collaborate on joint projects, and immerse themselves in diverse cultural environments, the EU, the United States, and LAC would foment a new generation of leaders more inclined to partner transnationally in business and diplomacy based on a shared understanding of democracy, the rule of law, human rights, and the rules-based order.



3 | CREATE AND EXPAND JOINT INITIATIVES TO DEVELOP SCIENCE, TECHNOLOGY, AND INNOVATION CAPABILITIES IN LATIN AMERICA AND THE CARIBBEAN.

The EU and LAC have a history of scientific and technology partnerships, encompassing frameworks such as the [Joint Initiative for Research and Innovation](#), which has helped develop research infrastructure in LAC and funded research on issues such as the impact of the Zika virus on pregnant women. Similarly, the EU has established science and technology cooperation agreements with four countries in LAC (Argentina, Brazil, Chile, and Mexico). Copernicus, the EU's [Earth-observation program](#) with regional observation centers in Panama and Chile, is another example of how EU investment in LAC can provide crucial data with relevant [global applications](#) in areas such as agriculture, emergency management, health, security, transport, and tourism.

Expanding these initiatives to include all countries in LAC and involving the United States—as both a knowledge and funding partner—will be crucial to advancing research and development in LAC, unlocking economic development through increased productivity and high-tech industries. This is especially important for the [Horizon Europe](#) program, an EU research and innovation fund with a €95.5-billion budget for which most LAC countries are currently eligible due to their level of income per capita, whereas others [may only receive funding under exceptional circumstances](#).

These partnerships embody the essence of multilateralism—a concerted effort to address global challenges collectively. Science, technology, and innovation should be pillars of that partnership. As the pace of technological change continues increasing at unprecedented rates, the long-term economic

and political leadership of the countries of the Euro-Americas will depend on their ability to be at the forefront of scientific and technological development. However, LAC is currently falling behind in innovation leadership. With only 613 researchers per million inhabitants, LAC lags behind Europe and the United States, with 3,704 and 4,821 respectively. So long as LAC's research and development spending remains low—at 0.7 percent of gross domestic product (GDP), [compared with 2.3 percent in the EU and 3.5 percent in the United States](#)—that trend will not reverse.

Partnering with the Inter-American Development Bank and other multilateral development banks to create a well-funded cooperation program for the development of science, technology, and innovation capabilities in Latin America and the Caribbean would be an important step in that direction. This program should incorporate best practices from institutions like the Canadian International Development Research Center and prioritize research in areas such as pharmaceuticals, biotechnology, artificial intelligence, new and critical materials, and renewable energy. Multilateral forums such as the planned meetings of the EU-CELAC research and innovation ministers in 2024 and 2025 would be a good opportunity to explore such approaches.

THE GREEN-ENERGY TRANSITION

Climate change is one of the defining challenges of the world today. While LAC is responsible for **less than 10 percent** of total greenhouse-gas emissions, it faces some of the direst effects of the globe's current fossil fuel-driven economy. Climate-related disasters, including extreme heat, drought, and flash floods, lead to global insecurity and disproportionately affect LAC governments, economies, and citizens, necessitating greater collaboration with the EU and United States.

Further, dependence on oil and gas imports to meet consumer demand leaves some EU and LAC economies—especially Caribbean countries—vulnerable to the ebbs and flows of fossil-fuel prices. Global efforts to reduce greenhouse emissions are improving, but repeatedly fall short of the goals set by the scientific and political communities. A multifaceted approach to the climate crisis is desperately needed and cannot exclude an equitable and resilient green-energy transition.

A robust and successful clean-energy transition lies at the intersection of the Euro-Americas' shared interests. Transitioning to clean energies while strengthening energy supply-chain resilience will have positive effects on trade, development, and health outcomes globally. In terms of global cooperation, cohesive support for clean-energy production and transmission would be an achievable, decisive win. It serves as a unique opportunity to stimulate collaboration among governments, the private sector, civil society, and international financial institutions.

Having set some of the most ambitious renewable-energy and decarbonization targets globally, LAC is uniquely positioned to contribute to the creation of cost-effective and sustainable energy systems and models. Nations like Chile, Brazil, Mexico, and Colombia have become leaders in onshore wind, solar, and hydropower generation, but weak infrastructure, regulatory challenges, growing inequality, and limited access to concessional financing mean that the energy matrix across many LAC countries is high risk and unsustainable over the long term.

New green industrial policies—such as the US IRA and proposed Green New Deal, as well as EU's Carbon Border Adjustment Mechanism (CBAM)—developed nations have been able to drive down the cost of new technologies for national companies and consumers. However, these policies also highlight why it is in the US and EU best interest to contribute to the development of LAC's green transition. Continued imports from LAC within CBAM's framework, for instance, depends on the local industries' compliance with carbon-emission reductions set by the EU's **emissions-trading systems**. Similarly, a more energy-secure region can mitigate the adverse effects of geopolitical competition in LAC.

For instance, countries across all three regions are poised to gain from LAC's development of carbon markets—in terms of both emissions reductions and financing. Carbon markets will be key to strengthening the business case for forest preservation, particularly in LAC, where the **main sources** of greenhouse-gas emissions are land use, land-use change, and forestry (35 percent) and agriculture (23 percent). This, in turn, will help meet the growing European and US demand for carbon offsets.

RECOMMENDATIONS



1 | PROMOTE FORWARD-THINKING APPROACHES TO OPTIMIZE INDUSTRY INVESTMENT IN INFRASTRUCTURE, AND ACCELERATE ACCESS TO FINANCIAL INNOVATION TO BRIDGE THE DIGITAL DIVIDE AND DRIVE SUSTAINABLE DEVELOPMENT.

Private and public infrastructure investment are a central pillar of adopting additional clean energies. Many countries across LAC currently have the capacity to produce clean energy at scale—in part, due to the high penetration of existing clean-energy sources like hydropower. While this particular source already **constitutes almost half** of all power generation across the region, geographic constraints prevent further development of this technology, making hydropower resistant to further scale. Therefore, attracting investment in other clean-energy technologies is the best and most affordable path forward. Installing solar or onshore wind sites, for instance, is currently cheaper than building oil, coal, and single-cycle gas turbines.

The challenge is overcoming LAC's outdated transmission networks and electrical grids. Often, renewable-power generation sites—like solar or offshore wind farms—are located far away from intended consumer bases. However, the transmission networks needed to effectively move generated power from the point of production to consumers are costly and require significant permitting from local governments. Construction and land-access permits can often take years to process, causing significant delays in processes.

Similarly, countries in LAC regularly grapple with network limitations, which currently operate at or near capacity. A successful energy transition will not occur without updated and expanded grid systems that can handle the influx of energy demands from households and electric vehicles (EVs). Updated smart grids that can map weather patterns and that are able to switch between baseload and intermittent power sources can ensure that energy is being used in the most cost-effective and energy-efficient manner.³

Unfortunately, access to these technologies and the financing to implement them are mostly out of reach in LAC. Further, prolonged payback periods that span multiple electoral cycles generate uncertainty among private investors, ultimately slowing the transition toward green-energy sources. Combined investments from the EU, the United States, LAC, and international financial institutions are needed to help upgrade the region's energy infrastructure. For instance, LAC's success in producing cheap, renewable hydropower energy has created a notable opportunity to develop the green-hydrogen industry. Nevertheless, green-hydrogen transport infrastructure scarcely exists in the region.

Public financing and knowledge transfers to LAC companies could help develop such industries, be it by expanding hydrogen pipelines, developing export terminals and cooling systems, or installing modernized grids and EV-charging networks. Doing so not only meets today's global clean-energy demands, but can set LAC up to be an important global energy exporter, further mitigating the adverse effects of geopolitical competition in the region. These upgrades have the potential to create an ecosystem of sustainable infrastructure that unlocks wider long-term economic and environmental benefits for all three regions, enhancing their overall resilience and competitiveness. Such proposals could be discussed during the 2024 and 2025 high-level bi-regional meetings on environment and climate change.

³ Baseload power refers to the minimum amount of electrical power that electrical grids need to operate properly at any given time. Examples of clean-energy sources that are suitable for baseload power include hydropower or geothermal power. Intermittent power comes from intermittent sources of clean energy, such as solar or wind, which are only available under certain climatological conditions

2 | REDUCE INVESTMENT RISKS BY EQUIPPING LOCAL STAKEHOLDERS WITH THE KNOWLEDGE AND TOOLS NEEDED TO SUCCESSFULLY NAVIGATE THE EMERGING CLEAN-ENERGY SECTOR.

The EU and the United States are currently at the forefront of global climate innovations and technology. Years of progress and accumulation of best practices uniquely position them to support LAC's journey toward a clean-energy future. Supporting local capacity building is one of the main ways that the EU and the United States can contribute to reduce foreign-investment risk in LAC's green-energy sector.

Subsequent engagement in regular high-level forums to harmonize standards, promote knowledge exchange, and initiate joint efforts on critical topics like hydrogen, critical minerals, and carbon pricing have the potential to resolve one of the greatest deterrents to foreign investment: a lack of human capital. Investing in human capital should include efforts to provide technical skill trainings that encompass critical aspects of the transition, including extraction-feasibility studies, environmental assessments, and geological studies, to better understand mineral distribution. By providing technical assistance in these spaces, the EU and the United States can help advance de-risking practices and reduce future direct reliance on EU and US expertise and resources by working directly with LAC to explore further innovative and sustainable-energy solutions.

This proactive approach not only accelerates the transition, but also fosters an environment where foreign and local investors are more willing to commit to green-energy initiatives, knowing that some of the initial challenges are mitigated. Investing in capacity building holds the potential to create a domino effect, propelling the adoption of renewable-energy sources on a larger scale, ultimately leading to a more sustainable and resilient energy landscape.

To further contribute to de-risking efforts, the EU, the United States, and LAC should also collaborate on building a comprehensive approach to financing and investment. Reducing investment risk surrounding specific projects necessitates increasing investor confidence, which can be achieved by standardizing regulations, accelerating permitting procedures, building local currency-lending platforms, developing blended finance vehicles, and subsidizing environmental and social-impact assessments. Once these

frameworks are created, they can help attract investment, reduce capital costs, and abate the various risks associated with renewable-energy projects. This strategy also involves recapitalizing and increasing equity investment potential from multilateral development banks, such as the Inter-American Development Bank (IDB), to support the scale of financial support needed to move clean-energy projects through the development pipeline and to final investment decisions.

This approach supports the EU-Latin America and Caribbean Investment Agenda with regard to the green transition, which aims to support LAC countries in achieving a climate-neutral economy and resilient society in harmony with nature, with a focus on fair and inclusive transition.

3 | UNLOCK THE FINANCIAL AND TECHNICAL RESOURCES THAT WILL ALLOW FAMILIES AND SMALL BUSINESSES TO OPT TOWARD CLEAN-ENERGY SOURCES, WHILE ENSURING THAT REGIONAL ENERGY-TRANSITION PROJECTS AND PROPOSALS ACCOUNT FOR LOCAL NEEDS.

As LAC governments and companies navigate the complexities of the emerging clean-energy market, concrete pathways are needed to ensure that local communities and small and medium-sized enterprises (SMEs) are not forgotten. Today, energy services constitute a disproportionately high percentage of poor households' incomes across the region. Families currently **spend** between 7 percent and 9 percent of their incomes on energy services, with the poorest communities spending as much as 24 percent. Despite the economic burden that rising oil and gas prices put on these homes, fossil fuel often remains a more affordable alternative than green energy, which dissuades users from making the transition to cleaner sources. However, if the EU, the United States, and LAC collaborated to reduce the risks surrounding clean-energy investments as discussed in the previous section, governments and developers could negotiate fairer prices, ultimately alleviating the cost burden for poor, rural, Indigenous, and marginalized communities.

Similarly, SMEs—which constitute the largest portion of LAC economies—often lack the financial resources to responsibly transition from conventional energy sources to cleaner alternatives. With growth rates across the region **lower** than in 2022, SMEs are currently focusing on staying in business, and do not have the capacity to change their operations without government intervention in the form of subsidies. These subsidies could provide the resources needed to transform SMEs' business models, as well as enhance workforce development, allowing local businesses to move up the supply chain. A workforce that is trained on how to participate in competitive auctions, implement efficient supply-chain practices, run emerging-technology pilot programs, and acquire digital technologies to monitor greenhouse-gas emissions not only enhances employability, but also creates opportunities for all members of society to actively participate in the emerging green economy.

Another mechanism to increase the local benefits of transitioning to clean energy is leveraging the manufacturing and value-add capacity that countries like Chile, Argentina, Peru, Mexico, Costa Rica, and others are strategically positioned to develop. For instance, strengthening local manufacturing capacities to produce lithium batteries for EVs, rather than solely mining the lithium, could help countries in LAC reduce their exposure to the detrimental impacts that new industrial and trade policies, such as the IRA and CBAM, could have on economic growth and trade relations due to their prioritization of domestic industries. A large portion of LAC companies, especially at the local level, lack the expertise to compete in these new markets, and could suffer from a consequent increased cost of trade and production in LAC vis a vis the EU and the United States. A focus on manufacturing and export development could level the playing field for sustainable green economic transformation and growth.

DIGITAL TRANSFORMATION

In a rapidly evolving landscape driven by innovation and competition, digital transformation has firmly entrenched itself as a linchpin of global development strategy. It now serves as a pivotal platform to elevate broader global imperatives such as strengthening governance, bolstering economic growth, and upholding the rule of law while charting the path toward the green transition. Today, digital tools serve as a primary source of increased productivity and global economic development. They have a direct impact on the way countries approach financial inclusion, infrastructure development, educational programs, and connectivity expansions—all of which form the bedrock of a shared digital future.

Digitization has increasingly become a matter of global importance and encompasses elements such as connectivity, accessibility, workforce, infrastructure, data protection, artificial intelligence, and digital policy discourse. Nevertheless, limited access to resources, technologies, and human capital, coupled with gaps in essential infrastructure and regulatory frameworks, frequently places LAC at risk of being excluded from conversations surrounding these advances.

The ubiquity of digital tools and platforms creates new opportunities for collaboration, knowledge sharing, and economic growth. As the region increasingly integrates digital technologies across sectors like healthcare, agriculture, and education, the EU and the United States should work with LAC to leverage their respective expertise in regulation and innovation as a means to establish lasting partnerships.

RECOMMENDATIONS



1 | LEVERAGE MULTILATERAL ORGANIZATIONS' REACH TO INCREASE COHESION ON DIGITAL REGULATION AND GOVERNANCE ACROSS TRANSATLANTIC GOVERNMENTS BASED ON SHARED VALUES.

The EU is harnessing the transformative power of digital technologies by setting the standard in digital regulation and leading the charge for a safe and inclusive digital transition. US technology companies, on the other hand, are on the forefront of innovation and often outpace the rate of regulatory developments. The clash between regulation and innovation causes strains on global efforts to reach a consensus on how technology and digital tools should be governed for a secure and accessible digital future. The challenges of fragmented global governance in the digital realm—particularly pertaining to data privacy, cybersecurity, and artificial intelligence—can lead to conflicts, legal ambiguities, and difficulties in cross-border digital activities.

Greater consensus on the tools to combat these challenges will allow countries to better implement digital governance processes, ultimately streamlining administrative procedures, enhancing transparency, and improving accessibility to government services such as public security and tax systems. Transatlantic collaborations could facilitate the identification of specific strategies to reduce bureaucratic obstacles, enhance legal frameworks, boost security, and contribute to more efficient and responsive government processes. These modifications will, in turn, create an environment where constituents' needs are met effectively and trust in government institutions is bolstered.

Since the challenges of digital transformation transcend national boundaries, collaborating with multilateral institutions to leverage EU and US expertise enables nations to address complex global problems in an organized manner that prioritizes interoperability. Alliances with multilateral organizations such as the United Nations, IDB, and the Organization for Economic Co-operation and Development (OECD) allow nations to pool resources, expertise, and knowledge from across the globe, leading to more efficient outcomes in support of emerging economies. For instance, programs like the IDB's "fAIr LAC" initiative have demonstrated the impact that transregional coordination can have on responsible AI adoption.

Cooperation between the EU and the Americas in the digital realm could contribute to a more human-centric, values-based, and inclusive approach to global digital governance that upholds democratic principles, human rights, and the rule of law, in line with the EU-CELAC Summit Declaration.



2 | INCREASE THE ATTRACTIVENESS OF DIGITAL INFRASTRUCTURE AND HUMAN-CAPITAL INVESTMENTS BY HIGHLIGHTING THE ECONOMIC AND SOCIAL IMPACT OF SUCCESSFUL DIGITAL-TRANSFORMATION INITIATIVES.

Access to digital infrastructure has become a key determinant of socioeconomic development. While digital infrastructure has seen exponential growth in the EU and United States, it is still underdeveloped in many parts of LAC. Limited access to capital, gaps in high-speed internet access, and unreliable connectivity are at the core of these issues. Low profitability rates for digital providers in underserved areas disincentivize greater investment and make it nearly impossible for poor and rural communities to keep up with digital-infrastructure requirements, hindering the region's ability to harness the full potential of the digital world and scale its contributions to the global order of shared values.

As of 2021, less than 50 percent of LAC had fixed broadband connectivity. While 87 percent of the population lives within fourth-generation (4G) signal range, usage remains below [37 percent](#). Leveraging US innovation capacities and the EU's regulatory expertise could make LAC the perfect breeding ground for attracting private and public investment to boost digital-infrastructure systems. This can be achieved by taking advantage of the inventions and innovations emerging from other parts of the world, adapting them to local contexts, and overseeing their successful implementation.

Private-sector collaborations with governments and multilateral organizations like the IDB can expand connectivity in areas where investment has traditionally seemed unattractive.

Additionally, spurring collaboration with EU and US partners can facilitate knowledge transfer and capacity building to maximize the impact of digital-transformation initiatives in LAC. Employer-led skill development has the potential to [boost business and economic growth](#), filling the demand for skilled labor in the technology industry. Research also shows that workers in digital-intensive jobs [require](#) greater use of reading, writing, and numeracy skills over time, directly contributing to overall human-capital development. A digitally developed LAC will increasingly become an active member of the existing coalition of likeminded countries operating under shared values.

3 | GUARANTEE ACCESS TO THE BENEFITS OF DIGITAL TRANSFORMATION BY INCREASING RESOURCE AVAILABILITY AND SUBSIDIZING COST-PROHIBITIVE SERVICES.

Latin America and the Caribbean are currently at a pivotal juncture where digital infrastructure, accessibility, and security have taken center stage as crucial determinants of community development. Even as digital infrastructure spreads across the region, access remains limited. While urban areas enjoy the benefits of advanced digital infrastructure, rural and underserved communities often lack the resources needed for inclusive digital engagement. As of 2021, one-gigabyte data plans [cost families](#) in LAC 2.7 percent of monthly household income on average, while the devices needed to use this data, like smartphones and tablets, could cost up to 30 percent of monthly household income. The high correlation between cloud access and prosperity creates development hurdles, with far-reaching consequences in education, healthcare, and employment opportunities that not only affect LAC, but the United States and EU as major recipients of immigrants, refugees, and asylum seekers.

Addressing these disparities calls for collaborative efforts between the EU, the United States, and LAC. Together, they can spearhead initiatives that modernize access to digital infrastructure while leveraging the private sector's unique ability to update and renew infrastructure to foster inclusivity and resilience. Such endeavors should aim to ensure that every citizen, regardless of their location or socioeconomic background, has equal access to public services and the opportunities presented by the digital age. This can occur through subsidy programs for consumers' internet costs, and through temporary investment tax incentives for service providers. Additionally, basic connectivity services, such as wireless connection, should be accessible for free in public spaces and

educational establishments in both rural and urban areas.

Increased access to digital services and, thus, digital payment systems can provide local businesses with access to new markets and [reduce their vulnerability to economic shocks](#), as was seen during the COVID-19 pandemic. Access also depends on knowledge. Today, [less than 15 percent](#) of adults in LAC have the skills to thrive in digital environments. The development of a core curriculum that encompasses innovation, adaptability, productivity, competitiveness, and entrepreneurship can produce interdisciplinary professionals able to apply their knowledge in various domains and contexts. Similarly, modernizing telecommunications infrastructure and attracting industry investment in data centers ensures that all segments of the population—including those in remote or underserved areas—have access to high-speed internet and educational, financial, and health-related services.

CONCLUSION

The shared values, common interests, and complementary capabilities of the European Union, the United States, and Latin America and the Caribbean speak to the great potential of this partnership to advance lasting solutions to the most pressing challenges facing these regions and the world. The historic 2023 EU-CELAC Summit and the Spanish presidency of the Council of the EU infused this important partnership with new momentum, positioning a longtime Spanish foreign policy priority with a broader range of EU stakeholders.

Building on that momentum, this report outlines actionable recommendations to deepen cooperation between the EU, the United States, and LAC across three pillars of action: defending democracy, human rights, the rule of law, and the international rules-based order; the green transition; and digital transformation. To strengthen multilateralism and the rules-based international order, this report proposes fostering coordination between initiatives such as the Summit of the Americas and the EU-CELAC Summit, deepening economic integration through trade, investment, and people-to-people exchanges modeled after programs like Erasmus and 100,000 Strong in the Americas, and mobilizing the multilateral development banks to develop science, technology, and innovation capabilities in LAC. As they look to advance a fair and just green transition, partners across the Euro-Americas should explore new pathways to finance infrastructural upgrades in LAC, reduce investment risks in clean energy, and ensure that households and SMEs in LAC benefit from the green transition by means such as investing in local manufacturing capacity. Finally, to achieve an inclusive digital transformation, this partnership should advance joint programs to address the underlying issues of access and digital literacy in LAC, facilitate industry investment in these areas through capacity building and information sharing, and collaborate to build a digital-governance framework at the intersection of innovation and safety.

Looking beyond the end of the Spanish presidency of the Council of the EU, the EU, the United States, and LAC should continue collaborating to secure mutually beneficial outcomes across these strategic priorities. Collectively, these recommendations encompass the guiding principles for successful engagement.



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As a nonpartisan and international nonprofit organization, Club de Madrid counts on the hands-on governance experience of more than one hundred members from more than seventy countries, along with a global network of advisers and partners across all sectors of society.

This unique alliance stimulates dialogue, builds bridges, and engages in advocacy efforts to strengthen public policies and effective leadership through recommendations that tackle challenges such as inclusion, sustainable development, and peace at the national and international levels.

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