Untapping the Global Gateway Investment Agenda and the Association Agreements between the European Union – Latin America and the Caribbean

Authors:
Elizabeth Accioly and Nicolás Albertoni

Coordinators:
EU-LAC: Diego Durán Cruz and Gustavo Cadenas Delascio
IPDAL: Afonso Vilan and Miguel Inácio

2026

EU-LAC Foundation
Fundación EU-LAC

IPDAL 20 anos
Latin America & Beyond

Untapping the Global Gateway Investment Agenda and the Association Agreements between the European Union – Latin America and the Caribbean

Discussion Paper prepared following the EU-LAC Foundation Call for Proposals on the Global Gateway Investment Agenda and EU–LAC trade and association agreements.

Authors:
Elizabeth Accioly and Nicolás Albertoni

Coordinators:
EU-LAC: Diego Durán Cruz and Gustavo Cadenas Delascio
IPDAL: Afonso Vilan and Miguel Inácio

2026

EU-LAC FOUNDATION, 2026
ABC-Straße 2
20354 Hamburg
Germany
https://eulacfoundation.org/en

PUBLISHED BY:
EU-LAC Foundation
GRAPHIC DESIGN: Carlos Gómez
ISBN: 978-3-949142-48-2
DOI: 10.12858/0726EN

This publication was produced by the EU-LAC Foundation. The EU-LAC Foundation is funded by its Members and, for this initiative, by the European Union and the Federal Republic of Germany. The views and opinions expressed in this publication are the sole responsibility of the authors and should not be considered to reflect the views of the EU-LAC Foundation, its Member States, or the European Union.

Global Gateway

Federal Foreign Office

INDEX

Presentation

The 4th Summit of Heads of State and Government of the Community of Latin American and Caribbean States (CELAC) and the European Union (EU), held in Colombia in November 2025, provided a strategic opportunity for high-level officials from both regions to discuss a wide range of topics. It also served as a forum for States to renew their commitment to working together on promoting trade and investment, upholding multilateralism, fostering social cohesion and digital transformation, cooperating on citizen security and justice, and combating transnational organised crime, amongst other shared priorities.

Regarding investment, the EU-LAC Global Gateway Investment Agenda (GGIA) was highlighted—specifically "its development and potential for collaboration as an instrument for implementing mutually beneficial partnerships within the framework of development in its three dimensions, based on genuine joint ownership and high standards aimed at the well-being of our peoples, whilst taking into account the shared priorities of both regions in the States participating in the initiative" (paragraph 29 of the Summit's Final Declaration).

As for trade, the Heads of State and Government emphasised "the strategic importance of trade and association agreements that foster closer economic and commercial ties and reinforce economic security and prosperity" (paragraph 27 of the Final Declaration). They also welcomed "the recent entry into force of the agreements between the European Union and Central America, the EU and Chile, and the EU and Colombia, Ecuador, and Peru." The subsequent announcement regarding the long-awaited signing of the EU-Mercosur agreement and the renewal of the EU-Mexico Agreement further expanded the extensive bi-regional network, which already included the EU-CARICOM agreement. Undoubtedly, trade, economic, and investment partnerships between the EU and Latin America and the Caribbean form the foundation—and constitute a key priority—of the bi-regional strategic partnership, as evidenced by the commitments made in Colombia. However, as the authors of this discussion paper argue, relations between the European Union and Latin America and the Caribbean are entering a phase where political affinity is no longer enough; the challenge now lies in operational alignment. Priorities under the Global Gateway Investment Agenda (GGIA), trade agreements, development finance instruments, projects, and private sector engagement continue, all too often, to operate along parallel tracks.

Consequently, the authors of this discussion paper provide a comprehensive mapping of the operational links and connections between the GGIA and trade and association agreements. They also examine the barriers preventing companies, SMEs, development banks, and business associations from participating in GGIA-related initiatives, while analysing the potential of these bi-regional agreements to act as instruments for investment facilitation. The paper offers an in-depth, meticulous analysis, systematising best practices and lessons learned, and presents a series of strategic recommendations and opportunities in priority sectors—namely energy, critical raw materials, digital and resilient infrastructure, and the blue economy.

We would like to express our sincere gratitude to the authors, Elizabeth Accioly and Nicolás Albertoni, for the extensive research, analysis, and synthesis that went into preparing and finalising this discussion paper. We also extend our acknowledgements to the Institute for the Promotion of Latin America and the Caribbean (IPDAL) in Portugal and its team for submitting the initiative for the EU-LAC Call for Proposals that led to this document and for their invaluable collaboration.

A very special acknowledgement goes to the EU-LAC Foundation team and to Gustavo Cadenas Delascio for their review and contributions to the finalisation of the document.

Alberto Brunori
Executive Director
EU-LAC Foundation

Diego Durán Cruz
Manager of Inter-Institutional Relations
EU-LAC Foundation

Lista de Acrónimos / List of Acronyms

Acrónimos utilizados a lo largo del documento (español e inglés). / Acronyms used throughout the document (Spanish and English).

Acrónimo / Acronym	Español	English
AICEP	Agencia para la Inversión y el Comercio Exterior de Portugal	Portuguese Trade and Investment Agency
BEI / EIB	Banco Europeo de Inversiones	European Investment Bank
CAF	Banco de Desarrollo de América Latina y el Caribe	Development Bank of Latin America and the Caribbean
CARIFORUM	Foro del Caribe (de los Estados ACP)	Caribbean Forum (of ACP States)
CELAC	Comunidad de Estados Latinoamericanos y Caribeños	Community of Latin American and Caribbe-an States
DFI	Instituciones Financieras de Desarrollo	Development Finance Institutions
ECA	Agencia de Crédito a la Exportación	Export Credit Agency
EIE	Encuentro Ibero-Americano de Empresas	Ibero-American Business Summit
EPA	Acuerdo de Asociación Económica	Economic Partnership Agreement
EUR	Euro	Euro
EUROCLIMA	Programa EUROCLIMA (cooperación UE--ALC en sostenibilidad ambiental)	EUROCLIMA Programme (EU-LAC cooper-ation on environmental sustainability)
GGIA	Agenda de Inversión Global Gateway UE--ALC	EU-LAC Global Gateway Investment Agen-da
GPEARI	Gabinete de Planificación, Estrategia, Evaluación y Relaciones Internacionales (Portugal)	Bureau of Planning, Strategy, Evaluation and International Relations (Portugal)
IED / FDI	Inversión Extranjera Directa	Foreign Direct Investment
BID / IDB	Banco Interamericano de Desarrollo	Inter-American Development Bank
IPDAL	Instituto para la Promoción de América Lati-na y el Caribe	Institute for the Promotion of Latin America and the Caribbean
MERCOSUR	Mercado Común del Sur	Southern Common Market
MoU	Memorando de Entendimiento	Memorandum of Understanding
PYME / SME	Pequeñas y Medianas Empresas	Small and Medium-sized Enterprises
SEGIB	Secretaría General Iberoamericana	Ibero-American General Secretariat
SIEPAC	Sistema de Interconexión Eléctrica de los Países de América Central	Central American Electrical Interconnection System
SPS	Medidas Sanitarias y Fitosanitarias	Sanitary and Phytosanitary (measures)
UE / EU	Unión Europea	European Union
UE-ALC / EU-LAC	Unión Europea – América Latina y el Caribe	European Union – Latin America and the Caribbean
UNFCCC / CMNUCC	Convención Marco de las Naciones Unidas sobre el Cambio Climático	United Nations Framework Convention on Climate Change

Strategic Objectives at a Glance

The discussion paper seeks to:

- Map the operational linkages — and the missing links — between the GGIA and EU–LAC trade and association agreements.
- Identify barriers to the participation of enterprises, SMEs, development banks and business associations in GGIA-related initiatives.
- Analyse the potential of the EU–Mercosur, EU–Chile, EU–Central America and EU–CARIFORUM agreements as investment-facilitation instruments.
- Identify opportunities in priority sectors, namely energy, critical raw materials, digital infrastructure, the blue economy and resilient infrastructure.
- Formulate practical recommendations for policymakers, development banks, business associations and the private sector.

Executive Summary

The European Union-Latin America and the Caribbean relationship is entering a phase in which political affinity is no longer enough. Global energy transition, the race for critical raw materials, digital transformation, resilient infrastructure and the reconfiguration of global value chains have made the EU-LAC partnership more strategically relevant, but also more exposed to geopolitical competition and domestic political scrutiny.

In this context, the EU-LAC Global Gateway Investment Agenda (GGIA) and the regions' trade and association agreements are true tests of whether bi-regional cooperation can produce investment, productivity gains, social inclusion and credible alternatives to more transactional forms of global economic engagement.

This discussion paper argues that the main challenge for the EU-LAC partnership is not the absence of ambition, agreements or financing announcements. The challenge is operational alignment. GGIA priorities, trade agreements, development-finance instruments, project pipelines and private-sector participation still too often operate as parallel tracks.

The paper's core argument is that EU-LAC trade and association agreements should be understood as investment-facilitation platforms, not simply as market-access instruments. If properly activated, their institutional mechanisms can help transform GGIA priorities into concrete, financeable and socially legitimate projects.

In practical terms, these agreements can contribute to investment delivery through:

- committees and regulatory dialogues that identify investment bottlenecks;
- sustainability provisions that connect trade with climate, labour and environmental commitments;
- public-procurement and services rules that create opportunities for firms;
- market-access provisions that improve the economics of cross-border projects;
- cooperation mechanisms that can link enterprises, public authorities and development-finance institutions.

Their value for the GGIA therefore lies less in the existence of the agreements themselves than in how actively their institutional mechanisms are used. This requires a broader understanding of investment facilitation. Investment protection should not be reduced to traditional post-dispute investor protection. In the EU-LAC context, it should be understood in a preventive and operational sense: the creation of conditions that allow investment opportunities to be identified, assessed, structured, and implemented with lower regulatory and political uncertainty.

Regulatory cooperation is also decisive. Technical standards, sanitary rules, certification requirements, environmental procedures, digital interoperability, and public procurement rules can determine whether firms are able to participate in strategic sectors. Sustainability provisions matter since the legitimacy of investment increasingly depends on climate alignment, labour standards, traceability, biodiversity protection and local-community benefits. Market access matters because tariff preferences, rules of origin, services liberalisation, and procurement openings can improve the economics of cross-border projects. However, none of these elements is transformative on its own. Market access is not the same as productive transformation and legal certainty is not the same as bankability.

The EU-Mercosur Partnership Agreement is the central test case. Its economic scale, political symbolism, and sectoral relevance make it the most visible opportunity to demonstrate whether trade liberalisation can be connected to strategic investment. The agreement links two large economic spaces with complementary assets: the EU's regulatory, financial and technological capacity, and Mercosur's role in food production, renewable energy, critical raw materials, and industrial potential.

Yet the agreement will not be judged only by tariff reductions or aggregate trade flows. Its deeper significance will depend on whether it changes Mercosur's position in value chains: from a supplier of commodities and primary goods towards a partner in processing, certification, logistics, innovation, sustainable production and higher-value activities. This is particularly important in three areas:

- Agri-food, where market access must be accompanied by investment in traceability, certification, logistics, cold chains and higher-value processing;
- Renewable energy, where Mercosur's potential in wind, solar, biomass, biofuels and green hydrogen requires predictable regulation, finance and project preparation;
- Critical raw materials, where cooperation should avoid reproducing extractive patterns and instead support local value added, skills, technology transfer and sustainable processing.

The effort for green transition creates major opportunities for EU-LAC cooperation, but it also carries political risks. If Latin America and the Caribbean are positioned mainly as providers of food, energy and raw materials for Europe's transition, the partnership may deepen trade without transforming the development equation. For EU-Mercosur to become a genuine proof of concept for the GGIA, trade opening must be connected to investment in productive capacity, SME participation, innovation and sustainable local production.

The agreement also faces significant constraints. Ratification uncertainty, environmental concerns, agricultural sensitivities, deforestation debates, asymmetries in standards and internal coordination within Mercosur all affect investor confidence and political legitimacy. Non-tariff barriers may prove more decisive than tariffs, especially for SMEs. Certification costs, sanitary and phytosanitary rules, customs procedures, sustainability compliance, legal advice and logistics requirements can prevent smaller firms from benefiting from new opportunities.

Without targeted support, the agreement may mostly benefit companies already integrated into international markets. Its development impact will therefore depend on accompanying measures, including SME helpdesks, technical assistance, sectoral platforms, development-bank coordination and financial instruments designed before implementation bottlenecks become entrenched.

The comparative cases show that there is no single EU-LAC implementation model.

- EU-Chile illustrates the opportunities and risks of a green-transition partnership centered on lithium, copper, renewable hydrogen and sustainable mining. Its lesson is that legal modernisation must be connected to industrial strategy, technology transfer, skills and local value creation.
- EU-Central America points to a different logic: regional infrastructure, electrical integration, renewable energy and connectivity. The SIEPAC experience shows that infrastructure only becomes a strategic investment platform when supported by regulatory stability, technical preparation and coordination between states, regulators, operators, financiers and the private sector.
- EU-CARIFORUM adds a third lesson: strategic investment is not only about large-scale infrastructure. In small island economies, climate vulnerability, the blue economy, digitalisation, sustainable tourism, bioeconomy and SME finance require instruments adapted to market size, fiscal constraints and local resilience needs.

The IPDAL-EIB High-Level Consultation reinforced a critical point: the binding constraint is often the absence of financeable projects. Development banks increasingly need to act not only as lenders, but as system integrators. The EIB, CAF, IDB, national development banks and Team Europe instruments can help bridge the gap between political priorities and operational pipelines by supporting:
- project preparation and feasibility studies;
- environmental and social assessments;
- regulatory advisory services;
- risk-sharing mechanisms;
- SME-oriented technical assistance;
- triangular cooperation between European and regional development banks.

In this sense, bankability is the point at which political ambition either becomes investable or remains declaratory. The paper identifies several policy gaps that currently limit the full potential of the GGIA and EU-LAC agreements:

- information on GGIA instruments, financing windows, standards and partnership opportunities remains fragmented;
- SMEs often lack the capacity to interpret regulatory requirements or access technical support;
- agreement committees are not yet systematically used to track GGIA priorities or identify investment bottlenecks;
- development-bank coordination remains stronger at the strategic level than in operational pipeline design;
- risk allocation remains difficult in sectors exposed to currency, regulatory, political or social-tariff risks;
- GGIA remains insufficiently visible beyond governments, development banks and large corporations.

Following various consultations by the authors with institutions and stakeholders on the ground, some of the deliberately operational recommendations that have emerged are:

1. GGIA priorities should be connected to the institutional machinery of EU-LAC trade and association agreements. Committees, regulatory dialogues and sustainability mechanisms should identify investment constraints and support project pipelines in priority sectors.
2. SME helpdesks, digital information services and sectoral platforms should be established to make opportunities, standards, rules of origin, procurement procedures and financing instruments more accessible.
3. Development banks should expand project-preparation and bankability facilities, especially for SMEs and local actors.
4. Blended finance, guarantees, political-risk cover, local-currency solutions and social-tariff risk-sharing mechanisms should be strengthened to mobilise private capital in complex sectors.
5. European, Latin American and Caribbean firms should be encouraged to form bi-regional consortia that combine technology, financing capacity, market access and local knowledge.
6. GGIA evaluation should integrate employment, skills, SME inclusion, technology transfer, local value added and community benefits alongside financial and environmental indicators.
7. Communication and stakeholder engagement must improve so that civil society, academia, local authorities, business associations and communities can understand, shape and scrutinise investment priorities.

The EU-LAC partnership now faces a credibility test. Signing agreements and announcing investment agendas is no longer sufficient. The decisive issue is whether the two regions can build a common implementation architecture capable of turning legal frameworks into investable projects, investment projects into productive transformation, and productive transformation into shared political legitimacy. If the GGIA and EU-LAC agreements remain disconnected, the result will be institutional fragmentation. If they are operationally linked, they can become the backbone of a more balanced, resilient and future-oriented bi-regional economic relationship.

EU-LAC GGIA DISCUSSION PAPER

1. Introduction and Framing: From Strategic Convergence to Investment Delivery

The relationship between the European Union and Latin America and the Caribbean has gained renewed strategic relevance in a context shaped by geopolitical competition, energy transition, digital transformation, critical raw materials, supply-chain reconfiguration and growing demand for resilient infrastructure. These shared priorities require political convergence in order to produce strategic results for the EU-CELAC partnership, i.e., bankable projects, credible partnerships and visible development outcomes.

This question is particularly relevant because Latin America and the Caribbean have become a contested space for investment, standards, connectivity and strategic influence, with the European Union operating alongside other major actors, including the United States and China. In this environment, the EU's value proposition cannot rely only on normative language, high standards or summit declarations. It must demonstrate that rules-based cooperation can deliver investment, infrastructure, technology transfer, employment, SME inclusion and local value creation.

The EU-LAC Global Gateway Investment Agenda (GGIA) is a key test of this ambition. Its potential lies in mobilising finance around shared priorities such as the green transition, digitalisation, sustainable value chains, resilient infrastructure, health, education and innovation. However, its credibility will depend less on the volume of announced investment than on the capacity to transform political commitments into projects that are technically prepared, financially viable, environmentally compliant, socially credible and accessible to firms in both regions.

This is where the implementation gap becomes evident. Many GGIA-related opportunities still face fragmented information, regulatory uncertainty, weak coordination between instruments, limited visibility for enterprises and insufficient project-preparation capacity, particularly for SMEs. For many firms, the challenge lies not only in access to finance, but understanding which opportunities exist, which standards apply, which partners are needed and how projects can become bankable.

The network of EU-LAC trade and association agreements should be read against this background. Agreements such as EU-Mercosur, EU-Chile, EU-Central America and EU-CARIFORUM go beyond trade liberalisation instruments, as they introduce committees, regulatory dialogues, cooperation mechanisms, sustainability provisions, market-access rules and public-procurement frameworks, which can help identify bottlenecks, clarify standards, reduce uncertainty and connect firms with development-finance instruments.

This paper adopts a policy-coherence and investment-facilitation perspective. It treats EU-Mercosur as the central case study, complemented by EU-Chile, EU-Central America and EU-CARIFORUM, and draws on insights from the May 2026 IPDAL-EIB High-Level Consultation. Its core argument is that the future of the EU-CELAC economic partnership will depend on an implementation architecture that is efficient, accessible, coordinated, socially legitimate and grounded in real bi-regional co-ownership.

Key Takeaways and Strategic Recommendations

- **Connect GGIA priorities to EU–LAC trade and association agreements.**
  The GGIA should be more systematically linked to the institutional mechanisms, regulatory dialogues and cooperation structures created by EU-LAC trade and association agreements. These agreements can help transform political priorities into operational investment opportunities if their committees and cooperation mechanisms are used to identify bottlenecks, support regulatory alignment and facilitate investment in priority sectors.

- **Improve access to information for enterprises and SMEs.**
  A central obstacle to private-sector participation is the fragmentation of information on GGIA instruments, financing windows, regulatory requirements and partnership opportunities. Dedicated SME helpdesks, digital information services and sectoral platforms should be established to make GGIA-related opportunities more visible and accessible to enterprises on both sides of the Atlantic.

- **Strengthen project-preparation and bankability facilities.**
  The main constraint is often not the absence of finance, but the lack of technically prepared, environmentally compliant, socially credible and financially bankable projects. Development banks and Team Europe instruments should expand technical assistance, feasibility support, regulatory advisory services and project-preparation facilities, particularly for SMEs and local actors.

- **Expand de-risking and blended-finance instruments.**
  GGIA-relevant projects in sectors such as renewable energy, transport, water, sanitation, digital infrastructure and climate adaptation frequently face political, regulatory, currency and social-tariff risks. Guarantees, blended finance, political-risk cover, local-currency solutions and co-financing mechanisms should be strengthened to mobilise greater private investment.

- **Promote bi-regional business coalitions and investment consortia.**
  European, Latin American and Caribbean firms should be encouraged to build sectoral coalitions and investment consortia capable of pooling technology, financing capacity, market access, territorial knowledge and productive capabilities. These platforms can support stronger EU-LAC value chains in areas such as renewable energy, agri-food, logistics, digital infrastructure, critical raw materials and the bioeconomy.

- **Integrate social impact into GGIA evaluation.**
  GGIA-related investments should not be assessed only by the volume of capital mobilised or by environmental indicators. Employment creation, skills development, SME inclusion, technology transfer, local-community benefits and alignment with Latin American and Caribbean development priorities should become part of the evaluation framework for strategic investment projects.

2. Legal and Institutional Architecture of EU–LAC Trade and Association Agreements

The trade and association agreements between the European Union and Latin America and the Caribbean should not be read solely as instruments of trade liberalisation. Their relevance for the EU-LAC Global Gateway Investment Agenda (GGIA) lies in their capacity to create legal and institutional conditions for sustainable investment: market access, regulatory predictability, sustainability, regulatory cooperation and implementation channels. They do not finance projects directly, but provide platforms for dialogue, cooperation and participation that can facilitate project preparation, reduce regulatory risk and connect sectoral priorities with European financial instruments.

While the EU-Mercosur Agreement occupies a prominent place in this study, it sits within a wider network (EU-Chile, EU-Central America, EU-CARIFORUM, the Trade Agreement with Colombia, Peru and Ecuador, and the EU-Mexico and EU-CARICOM frameworks). These create joint councils, committees, sub-committees, contact points, consultations and cooperation spaces; some are strictly intergovernmental, others (particularly in trade and sustainable development chapters) admit business organisations, trade unions, environmental organisations, producers, SMEs and civil society. The architecture helps convert political priorities into financeable projects by identifying regulatory, technical, sanitary, environmental or social obstacles and channelling them into upstream project preparation. Its contribution to the GGIA must be measured by its capacity to reduce investment risk and to frame investment within criteria of sustainability, inclusion and democratic legitimacy.

a. Investment protection

Investment protection should be understood here in a functional, preventive sense – not as protection of the investor after the fact, nor as a reproduction of the classical logic of bilateral investment treaties, but as the creation of conditions for an investment to be identified, assessed, structured and implemented with less uncertainty.

The EU-LAC agreements contribute to the GGIA by combining regulatory predictability, non-discriminatory treatment, gradual opening to establishment, responsible business conduct standards and institutional implementation channels. In the EU-Mercosur Agreement, this is supported by Article 1.2 (predictable framework, sustainable development, right to regulate) and Article 10.4 (national treatment in services and establishment). EU-Chile is more explicit: Article 10.3 affirms the right to regulate for legitimate public policy objectives and Article 10.6 establishes national treatment for covered investors. EU-Central America locates its contribution in non-discrimination applied to establishment (Article 165). EU-CARIFORUM combines national treatment (Article 68), responsible investor conduct including anti-corruption and compliance with fundamental labour and environmental obligations (Article 72), and a prohibition on attracting foreign direct investment by lowering environmental, labour, occupational health and safety or cultural diversity standards (Article 73).

b. Regulatory cooperation

Regulatory cooperation is central to the EU-LAC architecture, but its relevance for the GGIA does not lie in restating the existence of committees. Its value lies in addressing specific normative differences (technical, sanitary, environmental, digital or in public procurement) before they block investment.

The EU-Mercosur Agreement provides the most operational example: Article 5.5 of its chapter on technical barriers to trade allows sectoral trade-facilitation initiatives (exchange of information on regulatory approaches, joint analysis of sectors or products, approximation to international standards, conformity assessment, accreditation, mutual recognition) and provides for ad hoc working groups and stakeholder consultation.

The EU-Chile iTA confirms the trend through Article 9.6, with Article 8.15 adding a specific anchor for energy and raw materials in renewable fuels, renewable hydrogen, certification and safety standards. EU-Central America (Article 134, with Article 294 channelling trade-and-sustainable development concerns) and EU-CARIFORUM (Articles 45, 49 and 51 on technical barriers, with Article 230 assigning monitoring and recommendation functions to the Trade and Development Committee) offer less sectoral but still functional channels. In GGIA sectors (renewable energy, hydrogen, critical raw materials, digital infrastructure, sustainable mobility, bioeconomy or circular economy) certifications, permits, interoperability, conformity assessment, environmental requirements or public consultations can determine whether a project becomes financeable, which makes regulatory cooperation a tool for converting regulatory information into more predictable investment conditions

c. Sustainability

The trade and sustainable development chapters link trade opening with environmental, labour and social commitments, including effective application of international labour standards, multilateral environmental agreements, environmental protection and civil society participation. The most recent agreements include explicit references to the Paris Agreement, particularly relevant for the GGIA's mandate to mobilise green, digital and inclusive investment. In the EU-Mercosur Agreement, Article 26.6 requires effective implementation of the UNFCCC and the Paris Agreement and links trade with low-emission and climate-resilient pathways; Annex 26-A refers to sustainable value chains for the energy transition, critical raw materials, renewable energy, traceability and financing. In the EU-Chile iTA, Article 26.1 frames the trade and sustainable development chapter and Article 26.10 connects trade, investment, the Paris Agreement, renewable energy, energy efficiency, climate-resilient infrastructure and low emission technologies.

The earlier-generation agreements operate through Articles 287 and 288 of the EU-Central America Agreement (multilateral environmental agreements, environmental technologies, renewable energy, energy efficiency, sustainable FDI) and Article 183 of the EU-CARIFORUM EPA (sustainable management of natural resources, environmental goods and services, renewable energy and energy efficiency). For the GGIA, sustainability must function as an operational criterion: projects should be assessed both on financial viability and on contribution to climate commitments, environmental protection, labour compliance and productive inclusion. The relevant labour provisions are Article 26.4 (EU-Mercosur), Article 26.16 (EU-Chile), Article 286 (EU-Central America) and Article 191 (EU-CARIFORUM). The IPDAL-EIB High-Consultation dialogue confirmed that the GGIA can take diverse forms (regional electrical integration, sustainable mobility, microcredit, circular economy or risk-reduction mechanisms) but that impact depends on clearly structured projects with technical preparation, financial viability, environmental and social assessment, local participation, SME inclusion, traceability, employment indicators, labour compliance and verifiable benefits for communities.

d. Market access

Tariffs, rules of origin, services, public procurement and digital trade are essential to integrate bi-regional value chains, but do not generate development on their own; they must be accompanied by investment in productive capacity, certification, innovation, training, digitalisation and business participation, particularly of SMEs. In trade in goods, the starting points are EU-Mercosur Articles 2.3 and 2.4 (preferential treatment for originating goods, tariff reduction or elimination), EU-Chile Articles 2.5 and 3.2 (equivalent), EU-Central America Article 83 (elimination of customs duties), and EU-CARIFORUM EPA Articles 10, 15 and 16 (rules of origin and preferential tariff access). For services, investment, public procurement and digital trade, the most developed framework is EU-Chile (Articles 10.5 and 11.8; Chapter 19 on digital trade; Article 21.4 on public procurement principles), followed by EU-Mercosur (Articles 10.3 and 10.48). EU-Central America (Articles 164, 170, 201, 202, 209 and 211) and EU-CARIFORUM (Articles 67, 76, 119, 120 and 167) operate the same logic with lower normative density.

From the GGIA perspective, these provisions open space for engineering, logistics, environmental consultancy, digital services, renewable energy, infrastructure maintenance, sustainable mobility, water, health and digitalisation. Digital trade can expand SME participation where connectivity, training and regulatory compliance are in place; public procurement can facilitate business participation in sustainable infrastructure projects if firms have the information, scale, technical capacity and support required to prepare competitive bids. In summary, the EU-LAC agreements should be understood as legal and institutional platforms that can facilitate the implementation of the GGIA by combining predictability, regulatory cooperation, sustainability and market access. The challenge consists in activating these instruments and connecting standards, productive capacities, financing, technical assistance and business participation so that the bi-regional commitments assumed within the EU-CELAC framework translate into sustainable, financeable and inclusive investments.

3. Central Case Study: The EU–Mercosur Partnership Agreement

The EU-Mercosur Partnership Agreement constitutes the very relevant case study for assessing whether EU-LAC trade and association agreements can operate not only as legal frameworks for market access, but also as operational platforms for strategic investment. Its relevance derives from three interrelated factors: its economic scale, its political symbolism and its potential to connect trade liberalisation with the European Union’s Global Gateway Investment Agenda (GGIA). As the IPDAL project outline notes, the agreement is treated in this paper as the main test case for analysing how trade frameworks can help unlock investment opportunities, strengthen bi-regional value chains and support enterprises, development banks and business associations.

a. Strategic importance of the agreement

The EU-Mercosur Agreement is one of the most economically significant instruments in the EU-LAC relationship. It connects two large economic spaces: the European Union, with its regulatory, financial and technological capacity, and Mercosur, with its strategic role in food production, renewable energy, critical raw materials and industrial potential. According to the European Commission, the agreement will progressively remove duties on more than 91% of EU goods exported to Mercosur, while improving market access across goods, services and procurement.[1] It is therefore not only a trade agreement, but a platform for reconfiguring long-term economic relations between both regions.

Its strategic value is heightened by the current geopolitical context. Global supply chains are being reorganized around resilience, diversification and strategic autonomy. For the EU, Mercosur countries offer a combination of agri-food capacity, renewable energy potential, critical minerals and democratic partners with whom cooperation can be structured through rules-based institutions. For Mercosur, the agreement provides access to a high-income market, a framework for regulatory upgrading and an opportunity to attract investment into sectors where the region has comparative advantages but still faces productivity, infrastructure and financing gaps.

The agreement also has strong political significance. After more than two decades of negotiations, its conclusion signals that bi-regionalism can still produce concrete results in a global environment marked by fragmentation and protectionism. In that sense, the EU-Mercosur Agreement can be read as a political response to the weakening of multilateral trade governance. It demonstrates that large-scale interregional agreements remain possible when strategic interests converge around diversification, sustainability and rules-based economic cooperation.

b. Priority sectors

The agreement is particularly relevant for sectors that overlap with the GGIA such as sustainable agriculture, agri-food value chains, renewable energies, critical raw materials and SME participation. For instance, in agriculture and agri-

1 See https://commission.europa.eu/topics/trade/eu-mercosur-trade-agreement_en

food, Mercosur countries have long-standing export capacity, but the agreement can help move the relationship beyond primary exports by encouraging investment in traceability, certification, logistics, cold chains, sanitary standards and higher-value processing. This is crucial because market access alone does not automatically generate development gains. Tariff preferences must be accompanied by investment in productivity, quality infrastructures and compliance capacity, especially for smaller firms and regional producers.

Renewable energy is another priority area. Mercosur countries have substantial potential in wind, solar, biomass, biofuel and green hydrogen. The agreement can create a more predictable environment for European firms interested in investing in clean energy projects, while the GGIA can provide financing, de-risking instruments and technical assistance to transform those opportunities into bankable projects. The same logic applies to critical raw materials, where the EU is seeking reliable and sustainable supply chains and Mercosur countries, especially Argentina and Brazil, can play a strategic role in lithium, rare earths and other minerals relevant to the energy transition.

SME participation is a cross-cutting challenge. Large firms are usually better positioned to benefit from tariff reductions and regulatory openings, but SMEs often face higher fixed costs related to information, certification, logistics, legal advice and compliance with sustainability standards. For this reason, the agreement's real development impact will depend on whether public agencies, development banks and business associations can translate its opportunities into usable instruments for SMEs.

c. Investment facilitation: tariff and non-tariff barriers

The EU-Mercosur Agreement can facilitate investment through three main channels, for instance, reducing trade costs, increasing regulatory predictability and creating institutional mechanisms for cooperation.

First, tariff liberalisation can improve the economics of bi-regional projects. The reduction or elimination of tariffs lowers the cost of imported inputs, machinery, intermediate goods and final products. This is especially relevant for investment projects that depend on cross-border value chains. For example, European firms investing in renewable energy, agri-food processing or industrial upgrading in Mercosur may benefit from lower duties on capital goods, machinery and technology. Likewise, Mercosur exporters may gain improved access to the EU market for agricultural and food products, subject to quotas and transitional arrangements. The European Commission has highlighted that the agreement will reduce high Mercosur tariffs on EU products such as cars, machinery, chemicals, pharmaceuticals, wine, and olive oil, generating significant annual savings for European exporters.[2]

Second, non-tariff barriers are equally important, and in many cases more decisive for investment. These include sanitary and phytosanitary requirements, technical standards, customs procedures, rules of origin, certification processes, sustainability requirements, public procurement rules and administrative delays. For SMEs, non-tariff barriers often represent a higher obstacle than tariffs because they require specialized knowledge and fixed compliance costs. Reducing these barriers through regulatory cooperation, transparency, digital procedures and mutual understanding of standards can expand SME participation and make bi-regional investment projects more viable.

Third, the agreement can create institutional predictability. Investors do not only respond to tariff preferences; they also evaluate legal certainty, regulatory stability and implementation credibility. The agreement's committees, dialogue mechanisms and cooperation provisions can become operational spaces for identifying bottlenecks, solving technical problems and aligning investment priorities with GGIA projects. This is where the agreement can become more than a trade instrument. If properly connected to the GGIA, it can serve as a coordination platform linking market access, regulatory reform, development finance and private-sector mobilization. This connection is particularly relevant for GGIA-related projects.

d. Positive operational practices

Several operational practices already point in the right direction. First, the agreement provides a large and predictable market-access framework. This matters because investment decisions require long-term expectations. Firms are more likely to invest in production, logistics or certification when they can anticipate preferential access to a major market.
Second, the agreement creates incentives for regulatory upgrading. Mercosur firms seeking to export to the EU will need to comply with demanding standards on traceability, sustainability, sanitary controls and environmental performance. While this generates adjustment costs, it can also support productivity improvements and strengthen local value chains.
Third, the agreement can reinforce public-private coordination. Business associations, chambers of commerce and sectoral coalitions can use the agreement to identify opportunities in agri-food, renewable energy, services, procurement and industrial inputs. This is especially important for SMEs, which often need collective platforms to understand rules of origin, certification procedures and financing opportunities.

2 See https://commission.europa.eu/topics/trade/eu-mercosur-trade-agreement_en

Fourth, the agreement can support a more strategic role for development banks. The EIB, CAF and IDB can use the agreement as a reference framework for designing investment pipelines linked to GGIA priorities. This would be particularly valuable in areas such as green infrastructure, sustainable agriculture, energy transition, transport logistics and digital connectivity.

e. Remaining bottlenecks and implementation challenges

Despite its potential, the agreement faces significant bottlenecks. The first is ratification and political uncertainty. Resistance from agricultural sectors, environmental groups and some political actors in Europe has remained a central obstacle. Concerns relate to competition, environmental enforcement, deforestation, animal welfare and asymmetries in standards. Reuters has reported that supporters emphasize tariff savings, diversification and access to Mercosur markets, while critics warn about environmental risks and pressure on European farmers.[3] This political contestation can delay implementation and reduce investor confidence.

The second challenge is internal coherence within Mercosur. The agreement requires coordination among countries with different productive structures, regulatory capacities and political cycles. Issues such as quota administration, customs procedures, rules of origin, sanitary controls and investment promotion need coherent implementation. If Mercosur countries apply the agreement unevenly, investors may face fragmentation rather than predictability.

The third challenge is the gap between legal opportunity and operational capacity. Many firms, especially SMEs, will not benefit automatically from new market access. They need information, technical assistance, financing, certification support and logistics infrastructure. Without accompanying measures, the agreement may disproportionately benefit firms already integrated into international markets.

The fourth bottleneck concerns sustainability and trust. The agreement's long-term legitimacy will depend on whether trade expansion is perceived as compatible with climate commitments, biodiversity protection and social inclusion. This requires credible monitoring, cooperation on deforestation, support for sustainable production and investment in local communities. Otherwise, the agreement may remain politically vulnerable even after formal approval.

f. EU-Mercosur as a proof of concept for Global Gateway

The EU-Mercosur Agreement should be understood as a possible proof of concept for the broader EU-LAC agenda. If trade agreements and the GGIA remain disconnected, the result will be a fragmented architecture: legal texts on one side, investment announcements on the other. But if the agreement's market-access and regulatory mechanisms are linked to GGIA financing, project preparation and development-bank coordination, EU-Mercosur could demonstrate how trade policy can become an investment-delivery instrument.

This would require a more operational approach. Joint committees under the agreement should not only review trade flows; they should also identify investment bottlenecks in GGIA priority sectors. Development banks should align financing instruments with sectors opened or strengthened by the agreement. Business associations should create SME help desks and sectoral platforms to translate the agreement into practical opportunities. Governments should design accompanying measures for certification, sustainability compliance, digital customs and infrastructure.

In this sense, the EU-Mercosur Agreement is more than a bilateral trade achievement. It is the most visible test of whether the EU-LAC partnership can transform market access into productive transformation. Its success will not be measured only by tariff reduction or trade growth, but by whether it changes the position of Mercosur economies within value chains: from suppliers of food, energy and raw materials to partners in processing, innovation, certification, logistics and sustainable production. The agreement will therefore be judged by a more demanding standard: whether it can make trade liberalization politically legitimate, socially inclusive and operationally connected to investment delivery.

4. Comparative Case Studies: EU–Chile, EU–Central America and EU–CARIFORUM

The EU-LAC Global Gateway Investment Agenda (GGIA), presented by the European Commission within the EU-CELAC partnership, is designed to identify fair, green and digital investment opportunities through the network of EU-LAC trade and investment agreements. Chapter 3 showed that these agreements operate as legal and institutional platforms generating predictability, regulatory cooperation, sustainability, market access and implementation channels, not merely as trade-liberalisation instruments. This chapter shifts the reading to the operational plane: how their mechanisms can contribute to structuring financeable, socially legitimate and territorially relevant projects in green value chains, critical raw materials, clean energy, regional electrical integration, sustainable infrastructure, connectivity, blue economy, climate resilience, digital transformation, SMEs and productive inclusion.

3 See *What's in the EU-Mercosur trade deal and why is it contentious?*, https://www.reuters.com/business/whats-eu-mercosur-deal-why-is-it-contentious-2025-09-03/

Team Europe has announced the mobilisation of more than EUR 45 billion by 2027 for the bi-regional partnership. The provisional application of the EU-Mercosur Interim Trade Agreement allows the EU-Chile, EU-Central America and EU-CARIFORUM experiences to be read as comparative references. Chile illustrates the challenges of green value chains and critical raw materials; Central America, regional integration, energy and technical project preparation; CARIFORUM, the adaptation to small economies, services, climate resilience and productive inclusion. The IPDAL–EIB technical dialogue confirmed that the GGIA can take diverse forms (regional infrastructure, sustainable mobility, microfinance, circular economy, guarantees or risk-reduction mechanisms) but that impact depends on project preparation with financial viability, technical assistance, local participation, SME inclusion and verifiable benefits for communities. EUROCLIMA, working with 33 Latin American and Caribbean countries, complements this by translating climate priorities into actions for a green, just and resilient transition.

a. EU–Chile

The EU-Chile case combines a modernised institutional framework with strategic sectors of the green transition. The Interim Trade Agreement (iTA) entered into force on 1 February 2025, and will be replaced by the Advanced Framework Agreement, once the latter enters fully into force. Although the iTA does not include investment-protection provisions, the framework forms part of a wider architecture of political dialogue, sustainability, gender equality and social participation, linked by the European Commission to Global Gateway initiatives on sustainable lithium and copper value chains, sustainable mining and green hydrogen. In Chile, development banks operate primarily through green financing for firms and strategic chains: the EIB-Banco del Estado de Chile operation provides a concrete example, a loan of EUR 96,35[4] million for energy efficiency and renewable energy for SMEs and industries, including firms linked to critical raw materials.

The main caveat is that the green transition cannot be assessed solely on economic efficiency: without local added value, technology transfer, training, qualified employment, SME participation and tangible benefits for communities, the relationship risks being perceived as merely extractive. For the GGIA, the Chilean lesson is that legal predictability is not enough as the legitimacy of the transition depends on how projects are structured territorially and socially. For EU-Mercosur, the caveat applies in critical raw materials, clean energy, green hydrogen, bioeconomy and sustainable agro-industrial value chains.

b. EU–Central America

The EU-Central America Agreement follows a different logic. The potential of the GGIA lies less in critical raw materials and more in renewable energy, connectivity, infrastructure and regional integration. Electricity integration is the most relevant example. SIEPAC, the Electrical Interconnection System for Central American Countries, did not emerge from the GGIA, but it constitutes the regional infrastructure upon which the agenda can support new investments in transmission, electricity interconnection and renewable energy. The Commission identifies the strengthening of the Central American Regional Electricity Market as a Global Gateway flagship project, including possible investments in the second SIEPAC circuit, the expansion of regional interconnection to increase transmission capacity, improvements to national transmission systems and extra-regional connections.

The EIB announced EUR 1 billion for transmission, distribution and renewable energy in Central America, in line with the GGIA. The IPDAL-EIB High Consultation Meeting indicate that electricity integration requires prior strengthening of national grids, regulatory stability and technical preparation. The main obstacle lies in coordination among states, regulators, operators, financiers and the private sector. The lesson is that energy, connectivity and infrastructure will only have value for the GGIA if they reduce costs, expand access, support SMEs, create local employment and benefit peripheral territories.

c. EU–CARIFORUM

As it is an Economic Partnership Agreement (EPA), the EU-CARIFORUM relationship must be analysed through its interplay between trade, investment, and development. The European Commission notes that the agreement opens up opportunities in services and investment, facilitates business, and supports its implementation through joint structures and support for Caribbean companies. Its comparative value lies in showing that strategic investment does not mean large infrastructure alone.

In small island economies, the GGIA requires instruments tailored to the scale of the markets, to climate vulnerability, and to dependence on sectors such as tourism, services, fisheries, and the maritime economy. The blue economy, climate resilience, digital transformation, sustainable tourism, the bioeconomy, education, and innovation should be seen as areas in which the interplay between the EPA, Global Gateway, and financial instruments can generate concrete impact. The EU–LAC Digital Alliance reinforces this cross-cutting dimension.

4 110 million USD converted to EUR, in the exchange rate of the 26th of June 2026 – 1 USD = 0,88 EUR.

The Caribbean experience stands out for its integration between trade, development, and financial instruments geared toward SMEs and local communities. In the Dominican Republic, the microcredit line linked to sargassum exemplifies this approach: according to the EIB, the operation finances micro, small, and medium-sized enterprises, contributes to women's empowerment and gender equality, sets aside part of its resources for projects related to this environmental problem, and provides for technical support along the value chain. The main challenge lies in structuring initiatives in contexts of small scale, high climate exposure, and limited fiscal capacity.

d. Comparative lessons

There is no single model for GGIA implementation within the EU-LAC network. EU-Chile shows the potential of green value chains and the risk of an extractive relationship without local added value, technology transfer, qualified employment, SME participation and community benefits. EU-Central America shows that infrastructure produces impact only when accompanied by regulatory coordination, technical preparation, long-term financing and governance. EU–CARIFORUM adds a social and climate lesson: the GGIA must adapt to small markets, climate vulnerability, SMEs, local communities and services sectors. Development banks perform different functions by context, channelling green financing in Chile, supporting regional integration in Central America, reinforcing institutional capacities and SME instruments in CARIFORUM.

For EU-Mercosur, the GGIA should not depend on a uniform approach: Chile warns on critical raw materials and local added value; Central America stresses regional integration and technical preparation; CARIFORUM points to scale, productive inclusion and social and climate resilience. Taken together, the cases show that the credibility of the GGIA will depend on its capacity to convert trade and political agreements into financeable, socially legitimate and territorially relevant projects. These conclusions are systematised in Annex I – Comparative Table, which sets out the potential of each case, the existing mechanisms, the pending challenges and the paths to strengthen implementation.

5. Policy Gap Analysis and Recommendations

From Political Ambition to Investment Delivery: Closing the EU-LAC Gap

The EU-LAC Global Gateway Investment Agenda (GGIA) represents one of the most ambitious attempts to reposition the European Union-Latin America and Caribbean partnership around strategic investment, sustainable value chains and geo-economic cooperation. Yet a significant gap persists between political ambition, the legal architecture of trade and association agreements, and the actual mobilization of investment flows. The challenge is no longer the absence of political vision or financing announcements. Rather, it is the lack of operational alignment between agreements, financial instruments, project pipelines and private-sector participation.

The analysis developed throughout this paper suggests that EU-LAC trade and association agreements (particularly the EU-Mercosur Partnership Agreement, but also the EU-Chile, EU-Central America and EU-CARIFORUM frameworks) possess considerable untapped potential as investment-facilitation platforms. However, this potential remains underutilized because GGIA priorities are not yet systematically connected to the institutional mechanisms, regulatory tools and market-access provisions embedded in those agreements.

This misalignment is particularly visible in priority sectors such as renewable energy, digital infrastructure, critical raw materials, sustainable agriculture, logistics and resilient infrastructure. Political declarations identify these sectors as central to the future of the bi-regional relationship, but firms, SMEs, business associations and even development banks frequently face difficulties understanding how GGIA instruments, trade agreements, regulatory frameworks and financing mechanisms can be operationally combined.

The result is a fragmented architecture: trade agreements often function as legal frameworks disconnected from investment delivery, while GGIA initiatives risk becoming project announcements insufficiently embedded in the regulatory and institutional foundations necessary for long-term implementation.

Obstacles to Investment: The Enterprise Perspective

From the perspective of enterprises and business associations, the main barriers to participation in GGIA-related initiatives are not limited to financing constraints. In many cases, the primary obstacles emerge earlier in the process and relate to information asymmetries, regulatory complexity, weak project preparation and insufficient institutional coordination.

A first barrier concerns limited operational visibility. Many firms, especially SMEs, lack clear information regarding available GGIA instruments, project opportunities, regulatory requirements, financing windows or partnership possibilities. Large multinational firms typically possess dedicated legal, compliance and project-development teams capable of navigating complex international frameworks. SMEs rarely do. For them, fragmentation of information can itself become an exclusion mechanism.

Second, tariff and non-tariff barriers must be clearly distinguished when assessing investment constraints. Tariff liberalization remains important because it lowers costs associated with machinery, inputs, intermediate goods and market access. Agreements such as EU-Mercosur can improve the economics of cross-border projects by reducing duties and expanding commercial opportunities.

However, in practical terms, non-tariff barriers often constitute the more significant obstacle for investment and SME participation. These include sanitary and phytosanitary standards, technical regulations, traceability systems, sustainability requirements, customs procedures, certification costs, rules of origin, digital compliance obligations and administrative delays. For many firms, especially smaller companies seeking to participate in bi-regional value chains, these barriers represent fixed costs requiring specialized knowledge, institutional support and technical adaptation.

This issue is particularly relevant in GGIA priority sectors such as agri-food, renewable energy, critical minerals and sustainable infrastructure, where regulatory compliance increasingly shapes market participation. European environmental, digital and sustainability standards can facilitate long-term trust and predictability, but they also generate adaptation costs that not all firms can absorb equally.
Third, investment obstacles are closely linked to the persistent upstream project-design gap identified during the IPDAL-EIB Consultation process. The central bottleneck is frequently not downstream financing availability, but the lack of technically robust, environmentally compliant, socially credible and financially bankable projects.

This dimension also carries an important social implication. The effectiveness of GGIA-related investments should not be measured solely through capital mobilization or environmental metrics. Employment generation, SME inclusion, workforce training, technology transfer, skills development and benefits for local communities must be incorporated into investment evaluation frameworks. Otherwise, GGIA projects risk generating strong macro-level narratives while producing uneven or limited socio-economic impacts on the ground.

Development Banks: From Financiers to System Integrators

The experience analyzed throughout this paper suggests that development banks should be understood not merely as providers of capital, but increasingly as system integrators within the EU-LAC investment architecture.

Institutions such as the European Investment Bank (EIB), CAF, the Inter-American Development Bank (IDB), national development banks and Team Europe instruments already possess many of the tools required to support the GGIA agenda. The challenge lies less in creating new institutions than in strengthening coordination, risk-sharing mechanisms and operational complementarity.

Three areas deserve particular attention. First, there is a need to expand de-risking instruments and blended finance mechanisms. Many GGIA-relevant projects (particularly in energy transition, transport, water, sanitation, digital infrastructure and climate adaptation) face elevated political, regulatory, currency or social-tariff risks. Traditional financing models are often insufficient to mobilize private capital under these conditions.

Blended finance, export credit guarantees, political-risk insurance, biodiversity and carbon finance, local-currency solutions and co-financing mechanisms can help address these constraints. Yet their effectiveness depends on stronger coordination among European and Latin American financial actors, and on beneficiary governments' willingness to participate in risk-sharing arrangements.

Second, stronger cooperation between EIB, CAF, IDB and other institutions should move beyond general partnership frameworks toward operational pipeline coordination. The 2025 memoranda of understanding between these institutions provide an important starting point, particularly for triangular cooperation models linking European finance, regional development expertise and local implementation capacity.

Third, development banks should assume a more active role in addressing the upstream bankability challenge. Technical assistance, project preparation facilities, regulatory advisory services, environmental and social assessment support, SME-oriented structuring assistance and feasibility development should become central pillars of the GGIA implementation model.

In other words, the question is not only how to finance projects once they exist, but how to help projects become financeable in the first place.

Beyond the financial and regulatory dimensions, however, the implementation of the Global Gateway Investment Agenda also depends on its social legitimacy and public visibility. One of the recurring findings emerging from interviews and previous assessments is that GGIA remains poorly understood outside a relatively narrow circle of government officials, development banks and large corporations. Information asymmetries therefore affect not only firms seeking to participate in investment opportunities, but also civil society organizations, local communities, academia and other stakeholders whose support is often essential for the long-term sustainability of investment projects.

This communication gap weakens public trust, limits stakeholder ownership and reinforces perceptions that Global Gateway is primarily a geopolitical branding exercise rather than a genuine development partnership. Addressing this challenge requires moving beyond investment promotion towards a broader strategy of transparency, participation and public engagement. The EU and its Latin American partners should make greater use of existing bi-regional institutional platforms (including civil society organizations, academic networks, chambers of commerce, business associations and the consultative mechanisms established under EU-LAC Association Agreements) to disseminate information, collect feedback and foster broader societal ownership of the initiative. Strengthening investment flows ultimately requires not only financial resources and regulatory certainty, but also trust, legitimacy and informed public support.

Recommendations for Implementation: From Firms to Bi-Regional Coalitions

A first recommendation emerging from this analysis is that the implementation of GGIA should incorporate a structured stakeholder engagement and communication strategy. Beyond promoting investment opportunities, such a strategy should improve transparency, provide accessible information on ongoing projects, and establish regular consultation mechanisms involving civil society organizations, universities, local governments, business associations and social partners. Existing EU-LAC institutional platforms (particularly the bi-regional civil society mechanisms created under Association Agreements) represent an underutilized governance asset that could contribute significantly to building awareness, legitimacy and trust around the initiative. Successful investment partnerships require not only sound projects and adequate financing, but also broad-based societal support.

Second, if GGIA ambitions are to translate into concrete investment outcomes, stronger private-sector coordination mechanisms will be essential. The paper therefore recommends the creation of bi-regional business platforms and investment intelligence services connecting enterprises, business associations, chambers of commerce, development banks and public agencies across GGIA priority sectors. These platforms should function as practical operational tools rather than as generic dialogue spaces. Their expected contribution would be to improve access to information, facilitate partnerships and increase awareness of financing opportunities, particularly for SMEs.

Third, the paper recommends establishing SME-oriented helpdesks and technical support mechanisms linked to trade and association agreements. These services should provide guidance on rules of origin, sustainability compliance, SPS measures, certification, procurement opportunities, customs procedures and financing instruments. By lowering information and compliance costs, such mechanisms would contribute to making GGIA opportunities more accessible to smaller firms.

Finally, European and Latin American enterprises should be encouraged to build bi-regional consortia and sectoral coalitions capable of pooling comparative advantages. European firms bring technology, financing capacity, standards expertise and market access, while Latin American firms contribute natural resources, productive capabilities, territorial knowledge and regional networks. Structured partnership models could significantly improve access to GGIA-related opportunities in renewable energy, agri-food, digital infrastructure, logistics, critical minerals and bioeconomy sectors. Ultimately, the success of the Global Gateway Investment Agenda will depend not only on mobilizing capital, but on building enduring ecosystems of cooperation that connect governments, financial institutions, enterprises and society around a shared vision of sustainable bi-regional development.

Operational Recommendations Matrix

Policy Gap	Recommendation	Target Actor	Operational Instrument	Expected Outcome
Weak linkage between GGIA and trade agreements	Connect GGIA priorities to agreement committees and cooperation mechanisms.	European Commission, governments	Agreement committees, regulatory dialogues	Stronger policy coherence
SME information deficit	Establish SME helpdesks and GGIA information services.	Business associations, development banks	Digital platforms, technical assistance	Greater SME participation
Upstream project-design gap	Create project-preparation and bankability facilities.	EIB, CAF, IDB, national DFIs	Technical assistance, project-preparation funds	Larger pipeline of bankable projects
Risk aversion in strategic sectors	Expand blended finance and de-risking tools.	Development banks, governments	Guarantees, blended finance, political-risk cover	Higher private investment mobilization
Weak bi-regional coordination among firms	Promote sectoral coalitions and investment consortia.	Enterprises, chambers, associations	Partnership platforms, joint ventures	Stronger EU-LAC value chains
Social inclusion risks	Integrate employment, skills and local-community indicators into GGIA evaluation.	Policymakers, DFIs	Social-impact frameworks	More inclusive investment outcomes

Ultimately, the main challenge for the EU-LAC partnership is not identifying priorities. Energy transition, digitalization, resilient infrastructure, sustainable agriculture and strategic value chains are already widely recognized as shared objectives. The challenge is operational: building the institutional, financial and business mechanisms capable of translating political ambition into investment delivery.

In that sense, the EU-Mercosur Partnership Agreement together with the broader EU-LAC agreement network should be understood not simply as a trade framework, but as a possible proof of concept for a more integrated EU-LAC investment model, one in which agreements, development finance, enterprises and GGIA priorities function as mutually reinforcing components of a common strategic architecture.

6. Conclusion: From Agreements to Delivery

This discussion paper has argued that the EU–LAC Global Gateway Investment Agenda and the region’s trade and association agreements should be treated as mutually reinforcing instruments, rather than parallel policy tracks. The agreements do not finance projects directly, but they provide legal, regulatory and institutional channels that can make investment more predictable, bankable and socially legitimate. Their practical value depends on how committees, regulatory dialogues, sustainability provisions, market-access rules and cooperation mechanisms are used to identify bottlenecks, support project preparation and connect firms with development-finance instruments.

The EU-Mercosur Partnership Agreement offers the clearest test of this approach. If aligned with GGIA financing, de-risking tools and upstream technical assistance, it can become a proof of concept for a more integrated EU-LAC investment model. The EU-Chile, EU-Central America and EU-CARIFORUM cases show that implementation must also be adapted to different territorial realities, from critical raw materials and green hydrogen to energy integration, climate resilience, digitalisation, the blue economy and SME finance.

The central policy implication is that the partnership must now focus on delivery capacity. Policymakers should connect GGIA priorities to agreement mechanisms; development banks should expand project-preparation, bankability and risk-sharing instruments; business associations should provide information services, SME helpdesks and sectoral platforms; and enterprises should build bi-regional consortia capable of combining technology, financing, market access and local knowledge.

For SMEs and local communities, the test will be whether investment generates employment, skills, technology transfer and visible benefits. The EU-CELAC partnership must therefore move from an agenda of commitments to an agenda of implementation that is efficient, accessible, transparent, socially legitimate and grounded in real co-ownership between Europe, Latin America and the Caribbean.

Annexes

Annex I – Operational comparative table

Agreement / function in the paper	Potential for the GGIA	Existing mechanisms / current evidence	Pending challenges	Operational pathways	Lesson for the GGIA and for EU–Mercosur
EU–Mercosur Framework for provisional application and scope of application of the comparative lessons	• Critical raw materials • Clean energy • Infrastructure and logistics • Sustainable agro-industrial chains • Productive integration • SMEs and regulatory cooperation	• The agreement can facilitate trade, services, establishment and regulatory cooperation. • Article 5.5 of the chapter on technical barriers to trade provides for sectoral initiatives, exchange of regulatory information, joint analysis, international standards, conformity assessment, recognition of results, ad hoc groups and consultations with stakeholders. • The Mercosur architecture includes regional instruments such as FOCEM and sectoral spaces in energy, productive integration, environment and infrastructure.	• Risk of being limited to trade liberalisation without sufficient connection to financing, technical assistance, project preparation, SME inclusion and social participation.	• Connect committees, regulatory cooperation and dialogue mechanisms with GGIA project pipelines. • Use technical assistance and project preparation to support regional projects, plurinational consortia and SMEs.	The GGIA will be credible if it converts market access, regulatory cooperation and sustainability into financeable, inclusive and socially legitimate projects.
EU–Chile Comparative case on green transition, critical raw materials and local added value	• Lithium, copper and critical minerals • Green hydrogen • Sustainable mining • Clean energy • Energy transition	• The modernised EU–Chile framework combines trade liberalisation, regulatory cooperation and sustainability. • The Commission links this framework with Global Gateway in sustainable value chains for lithium and copper, sustainable mining and green hydrogen. • The EIB–BancoEstado operation provides financing for energy efficiency and renewable energy for SMEs and industries.	• Risk of the relationship being perceived as merely extractive if there is no local added value, technology transfer, skilled employment, SME inclusion and community benefits.	• Link green investment with local added value, socio-environmental standards, technology transfer and intermediated financing for SMEs and strategic value chains.	Legal predictability is not enough: the green transition needs social legitimacy. For EU–Mercosur, this warning is relevant in critical raw materials, clean energy, green hydrogen, bioeconomy and sustainable agro-industrial chains.
EU–Central America Comparative case on regional integration, energy and infrastructure	• Regional electricity integration • Renewable energy • Transmission, distribution and interconnection • Physical and digital connectivity • Regulatory coordination	• SIEPAC integrates the transmission systems of Panama, Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala. • The Commission identifies the strengthening of the Regional Electricity Market as a Global Gateway flagship project: the second SIEPAC circuit, national grids, extra-regional connections and renewable generation. • The EIB announced financing for transmission, distribution and renewable generation; CABEI can contribute regional vocation and local knowledge.	• Regional integration is not achieved through infrastructure or announced financing alone. • It requires strengthened national grids, regulatory stability, technical preparation, environmental and social assessment, and institutional coordination.	• Articulate the EIB, CABEI, Team Europe, regulators and operators. • Incorporate guarantees, technical assistance, project preparation, local knowledge and social participation.	Regional infrastructure only produces impact if accompanied by governance, technical preparation, institutional coordination and appropriate financial mechanisms. For EU–Mercosur, this is relevant in energy, infrastructure, logistics, digital connectivity and cross-border productive integration.
EU–CARIFORUM Comparative case on scale, services, climate resilience and productive inclusion	• Blue economy • Climate resilience • Digital transformation • Sustainable tourism • Bioeconomy, education and innovation • Services, SMEs, women entrepreneurs and local communities	• The EU–CARIFORUM EPA covers goods, services, investment, public procurement, competition, intellectual property, customs cooperation and sustainability. • The Caribbean Development Bank administers the EPA and CSME Standby Facility for Capacity Building. • In the Dominican Republic, the EIB credit line linked to sargassum finances MSMEs, with a focus on women borrowers and projects related to the use of sargassum.	• Small markets, high climate vulnerability, limited fiscal capacity and difficulty in structuring financeable projects. • Risk of the GGIA concentrating on large infrastructure projects and leaving out SMEs, local communities and smaller-scale projects.	• Adapt financial instruments to the Caribbean scale: microfinance, technical assistance, institutional strengthening and support for SMEs. • Promote the blue economy, digital transformation, local value chains and climate resilience. • Use the CARIFORUM–EU Consultative Committee as a space for participatory legitimacy.	Strategic investment does not only mean large-scale infrastructure. For EU–Mercosur, it is a reminder that the GGIA must include instruments adapted to SMEs, small producers, women entrepreneurs, local communities and projects with verifiable social impact.

Annex II – IPDAL-EIB High-Level Consultation at the Thalia Theatre

- **Context and objective of the meeting.**

  The III and IV EU-CELAC Summits, the entry into force of the EU-Chile and EU-Central America agreements and the conclusion of the EU-Mercosur Partnership Agreement (December 2024) have provided renewed density to the EU-LAC partnership. On 12 May 2026, IPDAL convened, in articulation with the European Investment Bank and the EU-LAC Foundation, a High-Level Consultation Meeting at the Thalia Theater, in Lisbon, on the margins of the XV Strategic Triangle Summit. Held under the Chatham House Rule, the consultation fostered strategic exchange on how to strengthen EU-LAC investment partnerships and contributed to the stakeholder-engagement component of the discussion paper's methodology, feeding inputs into Chapter 3 (Central Case Study: EU-Mercosur) and Chapter 5 (Policy Gap Analysis and Recommendations).

- **Participants involved: EIB, European institutions, LAC authorities, development banks, enterprises, business associations and academia.**

  The high-level meeting brought together a bi-regional and multi-stakeholder group of representatives of the public and private sectors, as well as academia. IPDAL was represented by its President, Paulo Neves, by its Secretary-General, Gastón Ocampo, and by its Vice-President, Jorge Costa. The EU-LAC Foundation was represented by Carlos Maza, Intergovernmental Affairs Coordinator. The European Investment Bank participated through João Fonseca Santos, Head of the EIB Group Office in Portugal, and Joana Sarmento Coelho, Head of Division for Latin America and the Caribbean at EIB Global. Professor Elizabeth Accioly, of Universidade Europeia and co-author of the discussion paper, joined the consultation.

  The Government of Portugal was represented by Rosa Maria Fernandes Lourenço Caetano, Deputy-Director General of GPEARI (Bureau of Planning, Strategy, Evaluation and International Relations of the Ministry of Finance), by Ricardo Mourinho Félix, Director of Banco de Portugal, and by Inês Jácome and Francisca Lucena e Valle of AICEP – Portuguese Trade and Investment Agency. From the Latin American and Caribbean diplomatic corps in Lisbon, the consultation was attended by Olympio Faissol (Minister Counsellor, Embassy of Brazil), Laura Garzón (Embassy of Mexico), Armonia Chang (Embassy of Panama), Raúl Silvero Silvagni (Consulate-General of Paraguay) and Adrián Fernández (Embassy of Uruguay). The multilateral development banks were represented by Luis Jiménez-McInnis, European Representative of the Inter-American Development Bank, and by Ignacio Corlazzoli, Representative for Europe of CAF - Development Bank of Latin America and the Caribbean. The private sector and consultancy community was represented by Henrique Gomes (CESO CI Internacional), Helena Valente (CESO Development Consultants) and Manuel Pinheiro (Salvador Caetano).

- **Main topics discussed: GGIA, trade agreements, investment, SMEs, financing and triangular cooperation.**

  GGIA.

  The IV EU-CELAC Summit consolidated the Global Gateway as the central instrument of the bi-regional partnership. In 2025 the EIB Group signed EUR 9 bn in financing and mobilized EUR 100 bn through Global Gateway; in April 2026 EIB Global signed EUR 5.8 bn directly in LAC (EUR 3.1 bn public; EUR 2.7 bn private), with operations in 12+ countries. The 2025 MoUs with the IDB and the CAF provide the architecture for triangular co-financing. The EU–Mercosur Agreement was framed as a "proof of concept" for the GGIA.

  SMEs.

  The binding constraint is not downstream financing but the upstream design of bankable projects. The EIB operates through intermediaries; the European Commission lacks technical capacity to close the design gap. The most effective lines combine credit with technical assistance (Honduras agri-line; Dominican Republic sargassum microcredit for women-led SMEs).

  Investment.

  Fifty per cent of EIB Global activity is dedicated to green financing. The Costa Rica electric-train case showed that the constraint is the architecture of risk-sharing for social-tariff, local-currency operations. De-risking instruments exist (Banco Português de Fomento, ECA cover, blended finance, carbon and biodiversity credits) but require beneficiary states to absorb part of the social-tariff risk.

- **Emerging recommendations from the discussion.**

  From the discussion emerged a set of converging recommendations that have informed the policy gap analysis developed in the discussion paper. Participants underlined the need to establish a dedicated upstream support layer for the design of bankable SME projects, articulated between the EIB Group, the European Commission's Team Europe instruments and national development banks such as Banco Português de

Fomento, in response to the most consistently identified barrier to SME participation in the Global Gateway. Regulatory coherence between EU-LAC trade and association agreements and Global Gateway investment instruments should be operationalized through joint committees that explicitly track GGIA flagships against the agreements' provisions on investment protection, regulatory cooperation and sustainability.

Risk-sharing emerged as a second priority: blended finance, ECA cover and de-risking mechanisms must be deployed alongside explicit political-risk sharing by beneficiary states, particularly for social-tariff and local-currency projects in transport, water, sanitation and renewable energy. The 2025 EIB MOUs with the IDB and the CAF were highlighted as the natural basis for expanding triangular co-financing pipelines into renewable energy, critical raw materials, water and the blue economy, with shared procurement and sustainability standards.

Finally, the EU-Mercosur Partnership Agreement was identified as the central proof of concept of the EU-LAC investment ambition, with the strong recommendation that its financial accompanying instruments be designed during the ratification process and not after it. SME-targeted instruments combining credit with technical assistance - modelled on the Honduras agricultural line and the Dominican Republic sargassum microcredit – should be replicated across GGIA priority sectors as a structural response to the upstream design gap identified throughout the consultation.

Bibliography

European Commission. (n.d.). *EU-LAC Global Gateway Investment Agenda*. https://international-partnerships.ec.europa.eu/policies/global-gateway/eu-lac-global-gateway-investment-agenda_en

Council of the European Union. (2023). *Declaration of the EU-CELAC Summit 2023*. https://www.consilium.europa.eu/en/press/press-releases/2023/07/18/declaration-of-the-eu-celac-summit-2023-17-18-july-2023/

Council of the European Union. (2025). *IV EU-CELAC Summit: Declaration of Santa Marta*. https://www.consilium.europa.eu/en/meetings/international-summit/2025/11/09/

European Commission. (n.d.). *Mercosur*. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur_en

Economic Commission for Latin America and the Caribbean. (2025). *Foreign direct investment in Latin America and the Caribbean 2025*. United Nations. https://www.cepal.org/en/publication-types-dspace-linked/foreign-direct-investment-latin-america-and-caribbean

Comisión Europea. "EU-LAC Global Gateway Investment Agenda."
Link: https://international-partnerships.ec.europa.eu/policies/global-gateway/eu-lac-global-gateway-investment-agenda_en

Comisión Europea. "Euroclima."
Link: https://international-partnerships.ec.europa.eu/policies/global-gateway/euroclima_en

Comisión Europea. "EU-Chile Interim Trade Agreement enters into force."
Link: https://ec.europa.eu/commission/presscorner/detail/en/ip_25_374

Comisión Europea. "Enhancing the Central American electricity market for regional integration."
Link: https://international-partnerships.ec.europa.eu/policies/global-gateway/enhancing-central-american-electricity-market-regional-integration_en

Comisión Europea, Access2Markets. "The EU-CARIFORUM Economic Partnership Agreement."
Link: https://trade.ec.europa.eu/access-to-markets/en/content/eu-cariforum-economic-partnership-agreement

Banco Europeo de Inversiones. "Dominican Republic Microfinance Facility."
Link: https://www.eib.org/en/projects/all/20230452

IPDAL. "EU-Breakfast – Consulta de Alto Nivel IPDAL x BEI: Notas sistematizadas y lecciones aprendidas." Lisboa, mayo de 2026. Documento interno del proyecto.

IPDAL & SEGIB. (2026). *Ibero-American Business Summit: Background notes and analytical inputs* [Internal project document].

IPDAL. (2026). *Ibero-American Business Summit (EIE), Panel 1: Trade, investment and the EU–Mercosur Partnership Agreement* [Internal event notes].

IPDAL. (2026). *Ibero-American Business Summit (EIE), Panel 3: Regulatory alignment, investment asymmetries and private-sector participation* [Internal event notes].

IPDAL. (2026). *Ibero-American Business Summit (EIE), Panel 4: EU–LAC relations and rules-based bi-regional cooperation* [Internal event notes].

IPDAL. (2026). *IPDAL–EIB High-Level Consultation: Systematised notes and lessons learned* [Internal project document].