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THE SITUATION IN CENTRAL AMERICA: THREATS  
TO INTERNATIONAL PEACE AND SECURITY AND  
PEACE INITIATIVES

Letter dated 30 April 1990 from the Permanent Representative of  
Ireland to the United Nations addressed to the Secretary-General

I have the honour to transmit the texts of the following:

(a) The Joint Political Declaration of the Dublin Ministerial Conference on Political Dialogue and Economic Co-operation between the European Community and its Member States, the Countries of Central America and Panama, and Colombia, Mexico and Venezuela as Co-operating Countries, held on 9 and 10 April 1990 (annex I);

(b) The Joint Economic Communiqué issued by the European Community and the countries party to the General Treaty on Central American Economic Integration and Panama, resulting from the Conference on Political Dialogue and Economic Co-operation between the European Community and its Member States, the States of Central America and Panama, and Colombia, Mexico and Venezuela as Co-operating Countries, held at Dublin on 9 and 10 April 1990 (annex II).

The original languages of these two documents are English, French and Spanish.

I should be grateful if you would have the present letter and its annexes circulated as a document of the forty-fourth session of the General Assembly, under item 34 of the agenda, and of the Security Council.

(Signed) Francis Mahon HAYES  
Ambassador

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ANNEX I

**JOINT POLITICAL DECLARATION OF THE DUBLIN MINISTERIAL  
CONFERENCE ON POLITICAL DIALOGUE AND ECONOMIC COOPERATION  
BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES,  
THE COUNTRIES OF CENTRAL AMERICA AND PANAMA,  
AND COLOMBIA, MEXICO AND VENEZUELA AS COOPERATING COUNTRIES,  
HELD ON 9 AND 10 APRIL 1990**

1. The Sixth Ministerial Conference between the European Community and its Member States, the countries of Central America and Panama, and Colombia, Mexico and Venezuela as cooperating countries on the political dialogue and economic cooperation between the European Community and the countries of the Central American Isthmus, inaugurated in Costa Rica in 1984 and thereafter pursued at annual meetings, was held in Dublin on 9 and 10 April 1990.

2. Those taking part in the Conference were:

For the European Community

Ireland

H.E. Mr Gerard COLLINS, T.D.  
Minister for Foreign Affairs

Italy

H.E. Mr Ivo BUTINI  
Under-Secretary, Ministry of Foreign Affairs

Luxembourg

H.E. Mr Georges WOHLFART  
Secretary of State for Foreign Affairs

Netherlands

H.E. Mr Hans VAN DEN BROEK  
Minister for Foreign Affairs

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Portugal

H.E. Mr Joao DE DEUS PINHEIRO  
Minister for Foreign Affairs

United Kingdom

H.E. Mr Timothy SAINSBURY, MP  
Under Secretary of State,  
Foreign and Commonwealth Office

Belgium

H.E. Mr Mark EYSKENS  
Minister for Foreign Affairs

Denmark

H.E. Mr Benny KIMBERG  
Secretary of State for Political Affairs

Federal Republic of Germany

H.E. Mr Hans-Dietrich GENSCHER  
Federal Minister for Foreign Affairs

Greece

H.E. Mr Panayotis TSOUNIS  
Ambassador of Greece to Ireland

Spain

H.E. Mr Francisco FERNANDEZ ORDOÑEZ  
Minister for Foreign Affairs

France

H.E. Mr Roland DUMAS  
Minister for Foreign Affairs

Commission

H.E. Mr Abel Matutes  
Member of the Commission

For Central America and Panama

Costa Rica

H.E. Mr Rodrigo MADRIGAL NIETO  
Minister for Foreign Affairs

El Salvador

H.E. Mr Jose Manuel PACAS CASTRO  
Minister for Foreign Affairs

Guatemala

H.E. Mr Ariel RIVERA IRIAS  
Minister for Foreign Affairs

Honduras

H.E. Mr Mario CARIAS ZAPATA  
Minister for Foreign Affairs

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Nicaragua

H.E. Mr Javier CHAMORRO  
Vice-Minister for Foreign Affairs

Panama

H.E. Mr Julio E. LINARES  
Minister for Foreign Affairs

For Colombia, Mexico and Venezuela as cooperating countries

Colombia

H.E. Mrs Clemencia FORERO DE CASTELLANOS  
Vice-Minister for Foreign Affairs

Mexico

H.E. Mr Fernando SOLANA  
Secretary for External Relations

Venezuela

H.E. Mr Reinaldo FIGUEREDO PLANCHART  
Minister for Foreign Affairs

For the Permanent Secretariat of the General Treaty  
on Central American Economic Integration (SCAET)

Mr Marco Antonio VILLAMAR CONTRERAS  
Secretary General

3. The participants examined issues of mutual interest in the context of the dialogue and cooperation established in the past decade. They welcomed the positive evolution of the regional peace process in Central America. They agreed that there has been progress compared to the serious prospects which characterised the area at the end of the 70ies and the beginning of the 80ies. This period was characterised by lack of democracy in some countries of the region, external intervention, border incidents, a high level of violence, a massive flux of refugees and other negative factors. The Central American peace process helped to counter these negative factors and in this it enjoyed the support, often reiterated, of the European Community.

The mediation efforts of the Contadora Group followed by the Central American dialogue initiated by the Esquipulas process, have allowed for detailed negotiation aimed at the achievement of lasting peace, genuine pluralism, democratic and participative processes, respect for human rights and International Law, stability and social and economic development of the region.

They welcomed the increasing involvement in Central America of the United Nations and of the Organisation of the American States, whose participation has created a new climate of confidence in the relations between the Central American

countries. Accordingly, they encouraged the Secretaries-General of both organisations to pursue their important contribution towards peace in the region.

4. Taking into account that the critical economic situation in Central America is further deteriorating, the Ministers of the European Community and of Colombia, Mexico and Venezuela as cooperating countries reaffirmed their Governments' commitment and willingness to continue actively supporting the efforts deployed by the Central American countries in the framework of the Esquipulas process. The Ministers of the European Community reaffirmed the importance of intensifying economic cooperation between the European Community and Central America, aimed at strengthening the economic integration of the region and supporting its economic development and social progress in the interest of greater political stability.

The Ministers called on the European Commission to seek with Colombia, Mexico and Venezuela means of coordinating Community aid with aid from those three countries for the countries of the Central American Isthmus, with the aim of increasing the overall effectiveness of cooperation.

The Ministers agreed to reiterate the importance of international cooperation as a parallel element indispensable in the political efforts towards peace in the area, as expressed by the Central American Presidents at their San Isidro de Coronado Summit meeting in December last and reiterated in the Montelimar declaration on 3 April 1990.

The Ministers of Colombia, Mexico and Venezuela reiterated that the economic support of the international community was indispensable in the peace process and, in this regard, they pledged the support of their Governments.

5. The Ministers agreed that the best existing option to achieve a durable solution to the Central American crisis, as illustrated by progress already made despite difficulties and obstacles encountered, remains full compliance with the Agreements subscribed to in the framework of the Esquipulas process. At the same time they underlined the need to respect the norms and principles of International Law, and more specifically the U.N. Charter and the Charter of the Organisation of American States.

6. The Ministers reaffirmed their commitment to the principle of the full participation of peoples in genuinely democratic and pluralistic political processes and stressed the necessity for all countries in the region to respect these processes, human rights, the rule of law, the separation of institutional powers and, in particular, to guarantee the independence and impartiality of the judiciary.

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They considered that this should facilitate the promotion of social justice, sovereignty, the territorial integrity of States and the right of all peoples freely and without external interference of any kind to determine their political, economic and social model.

The Ministers recalled that the European Parliament, in the Community budget for 1990, included a provision to finance actions aimed at reinforcing democratic processes in Central America.

7. The Ministers also considered that, in accordance with the Esquipulas Agreements, active encouragement should be given to an internal dialogue aimed, through national reconciliation and without fear, at establishing or improving genuine pluralist democracy involving the promotion of social justice and guaranteeing full and effective respect for all human rights, for civil and political liberties, and for economic, social and cultural rights.

In this connection, the Ministers of the European Community and of Colombia, Mexico and Venezuela strongly urged all parties to reach agreement on a cessation of hostilities in the states of the region that at present suffer from actions by irregular groups, through appropriate measures designed to achieve an effective cease-fire, in accordance with the provisions of the Esquipulas II Agreement.

They stressed the importance of complying with the Agreements subscribed to by the Central American Presidents in the Tela and San Isidro de Coronado summits for the promotion of peace, security and democracy in Central America, commitments which were ratified and reiterated in Montelimar.

The participants urged all irregular forces operating in the area to join in the constitutional political processes of their respective countries, in accordance with the Joint Programme for, on the one hand, the voluntary demobilisation, repatriation and relocation of the members of the Nicaraguan resistance and of their relatives, in Nicaragua and elsewhere, and, on the other hand, assistance in the demobilisation of all those involved in armed actions in other countries of the region, when they request this on a voluntary basis as confirmed by the Montelimar declaration.

8. The Ministers underlined the importance of elections in El Salvador, Honduras and Costa Rica since the last ministerial conference of San Pedro Sula. In all those instances, elections were held freely, democratically and fairly in conformity with the spirit of Esquipulas II, thus reinforcing the democratic processes in those countries.

The Ministers also stated that the recent elections held in Nicaragua and which had been announced by the President of the Republic of Nicaragua at the Costa del Sol summit, represent a historic event for this country.

The Central American and the European Ministers agreed that the elections in Nicaragua took place freely, democratically and fairly, in accordance with the Esquipulas Agreements, as underlined by the corresponding electoral organisations and the Observers of the United Nations, the Organisation of American States and the European Parliament, inter alia.

They emphasized that the afore-mentioned elections should promote the reinforcement and consolidation of democratic institutionalism and of the rule of law in Nicaragua. They also welcomed the determination of the government of Nicaragua to take all steps necessary to bring about an orderly, complete and peaceful handover to the incoming government in the framework of the Protocol of transfer.

They underlined the positive role of international observation in the electoral processes, in accordance with point 4 of the Esquipulas process.

The Ministers welcomed the agreement reached at Toncontin, Honduras, and confirmed by the Summit of the Central American Presidents at Montelimar, to implement the voluntary demobilisation, repatriation and relocation of the Nicaraguan resistance and of their relatives, which would doubtless constitute a major contribution to democratisation and national reconciliation. They welcomed the call on ONUCA and CIAV to take the necessary steps to ensure the appropriate support for the demobilisation and disarming of members of the resistance within Nicaragua or outside it, and noted that the Central American Presidents agreed that this is to begin forthwith and be completed by 25 April 1990 at the latest.

The Ministers welcomed the appreciation by the Central American Presidents for the cooperation of the government of Honduras for the demobilisation of the Nicaraguan resistance.

9. They expressed their agreement with the call for an immediate and effective end of hostilities in El Salvador, through a frank and constructive dialogue aimed at the integration of the FMLN into the peaceful life of the country, in a climate of safety and respect for their human rights and fundamental freedoms.

In this spirit, the Ministers expressed great satisfaction at the signature in Geneva on 4 April 1990, of the document in which there is an agreement to promptly relaunch, under the auspices of the Secretary General of the United Nations, the dialogue between the government of El Salvador and the FMLN aimed at achieving, as soon as possible, through frank and open negotiations, the end of the armed conflict in that country.

Furthermore, they agreed that in order to strengthen the peace process and democratisation in the region it was important to comply with all the provisions of part III of the above-mentioned Joint Programme, called: "Assistance in the voluntary demobilisation of the members of the FMLN".

10. The Ministers expressed their satisfaction that the International Commission of Support and Verification (CIAV) and the UN Observer Group in Central America (ONUCA) had been successfully established in the Central American countries and were playing a valuable role in the development of the peace process. The Ministers of the European Community reiterated their strong support for the work being done by both ONUCA and the CIAV.

The Ministers welcomed the decision to extend the mandate of ONUCA to contribute to the implementation of the demobilisation process of the Nicaraguan resistance.

The Ministers stressed the importance of the existence of the political verification mechanisms of the Esquipulas Agreements. They also pointed to the potential of the national reconciliation committees to contribute to achieving the objectives of the peace process. In this sense, they welcomed the agreement reached between the National Reconciliation Commission of Guatemala and the UNRG at the Oslo meeting.

11. The Ministers reiterated their conviction that it was essential for all countries with links to and interests in the region to make a genuine contribution towards creating the necessary conditions for establishing peace and democracy and securing economic development in Central America.

In this regard, they reiterated their firm request that regional or extra-regional governments which openly or covertly aid the irregular forces in the area immediately cease that aid, apart from humanitarian assistance which would contribute to the achievement of the objectives set out by the Central American Presidents in the Tela and San Isidro de Coronado summits. The Ministers took note of the appeal in the Montelimar Summit for funds approved for the Nicaraguan resistance to be channelled to CIAV and used for the reintegration into the normal life of the community of those who surrender arms to ONUCA.

They also stressed the importance of the commitment by the Presidents of the Central American countries to prevent the use of their own territory by persons, organisations or groups whose aim is to destabilise the governments of the Central American countries.

12. The Ministers welcomed the decision taken by the five Central American Presidents to promote and set a time-table for the negotiations pending on security, verification and arms control and limitation.

13. The Ministers took note of the decision taken by the Central American Presidents to condemn acts of terrorism in the region and to renew their call for the cessation of all kinds of violent action directly or indirectly harming the civil



population and productive infrastructure and to call for the immediate release of all persons held by irregular forces or terrorist groups.

14. The Ministers welcomed the progress achieved in the process of establishing the Central American Parliament; they expressed their satisfaction concerning the elections that have already been held by Honduras with a view to the establishment of the Parliament, the approval by Nicaragua and the deposit of the instruments of ratification by El Salvador and Guatemala.

They also reaffirmed the importance of the Central American Parliament as a permanent forum in which the peoples of the area could formulate recommendations on the political, economic, social and cultural problems of Central America and confirmed their conviction that the establishment of that Parliament would represent valuable progress for the integration of the region.

The Ministers of the European Community recalled that, in close collaboration with the European Parliament, they maintained their decision to lend their technical and financial support to the process of establishing the Central American Parliament, both in its material and technical organisation and in the holding of the electoral processes. They also expressed the hope that the ratification process of the Central American Parliament would be concluded in the light of the new political atmosphere in the region. They also welcomed the proposal made by Colombia, Mexico and Venezuela which reaffirmed their intention to give their full support to the process of establishment and functioning of the Central American Parliament.

15. The Ministers expressed concern over the acute socio-economic problems of Central America. They recognised that the external debt service for some countries of Central America and forms a heavy burden on their political, economic and social development. They reiterated that all the parties concerned should contribute to the solution of this problem. The Ministers of Central America and requested the support of the Ministers of the European Community in considering in a positive way the renegotiation of this debt.

The Ministers of the European Community reaffirmed their intention to contribute to the achievement of the goals and objectives of the Special Plan of Economic Cooperation for Central America -PEC-, as a way of assisting the efforts being made under the Esquipulas II Agreement.

The Ministers of Central America welcomed the interest of the European Community in supporting that plan as well as the statement it had made at the meeting between the Central American Governments, and the Governments and Cooperating Institutions in the framework of the PEC, held in Geneva, from

4 to 6 July 1989, aimed at backing up the deployment of the necessary efforts for the intensification of cooperation for the region.

The Central American Ministers welcomed the Community's decision to give an adequate and positive answer to the call they formulated at the San Jose V ministerial meeting, to support the efforts which would lead to the restructuring, reactivation and strengthening of the economic integration process of the region, particularly the establishment of a regional system of payments destined to foster interregional trade, which led to the adoption of the corresponding document signed during the present meeting.

The Ministers of the European Community took note with satisfaction of the agreement by the Central American Presidents to hold an economic summit to take political decisions in this field.

16. The Ministers underlined the substantial efforts made in the field of refugees and repatriates within the framework of the "agreements of the International Conference on Refugees, Returnees and Displaced Persons in Central America" which took place in Guatemala in May 1989 and pointed to the urgent need to give timely impulse to the integrated programmes of assistance and development for returnees and displaced persons which would favour full integration into their respective communities within the institutional and structural context of their countries.

In this respect, the Ministers of the European Community expressed their interest in implementing some of those programmes or projects which are to be defined jointly with the affected countries and the competent international organisations.

17. The parties also welcomed with satisfaction the beginning of the operations by the Central American Environment and Development Committee, which is the first regional cooperation mechanism destined to promote the optimum and rational use of the area's natural resources, as well as the protection and improvement of the quality of the environment in the countries of the area. The European Ministers expressed their interest in supporting these objectives in appropriate ways.

18. The Ministers agreed that the abuse of drugs consumption and its illicit trafficking constitute one of the most serious threats which both the developing countries and the developed countries are being faced with. The Ministers of the European Community and of Colombia, Mexico and Venezuela welcomed the Regional Agreement for the eradication of illicit drug trafficking (Montelimer, 3 April 1990) and expressed their strong hope to see its prompt implementation. The Ministers expressed satisfaction at the conclusions reached at the United Nations special session on narcotics, drugs and psychotropic

substances, held from 20 to 23 February 1990. They offered their best wishes for the success of the World Ministerial Summit on Drug Demand Reduction and the Cocaine Threat being held in London on 9 - 11 April 1990.

They reaffirmed the will of their governments to cooperate in combating the drugs threat and to implement the global programme of action adopted by the United Nations special session. They also affirmed their willingness to promote cooperation by the Community and its member States, Colombia, Mexico and Venezuela with the countries of the Central American Isthmus in this field.

19. The participants in the Dublin Conference expressed satisfaction at the results of their dialogue and they decided to meet next year in Central America in accordance with the alternation rule.

20. The participants in the Dublin Conference expressed their profound thanks to the Government of Ireland at the initiative of which this Conference was held. They likewise thank the people of Dublin for the excellent and warm welcome as well as for the efficient organisation which led to its very successful outcome.

ANNEX II

**JOINT ECONOMIC COMMUNIQUE ISSUED  
BY THE EUROPEAN COMMUNITY AND THE  
COUNTRIES PARTY TO THE GENERAL TREATY  
ON CENTRAL AMERICAN ECONOMIC INTEGRATION AND PANAMA  
RESULTING FROM THE CONFERENCE  
ON POLITICAL DIALOGUE AND ECONOMIC CO-OPERATION  
BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES,  
THE STATES OF CENTRAL AMERICA AND PANAMA,  
AND COLOMBIA, MEXICO AND VENEZUELA AS CO-OPERATING COUNTRIES,  
HELD IN DUBLIN ON 9 AND 10 APRIL 1990**

**(SAN JOSE VI)**

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1. The Community and the Central American countries welcomed the continued intensification of the political dialogue and economic co-operation between the two regions introduced by the 1985 Luxembourg Agreement. They emphasized the need to pursue to a successful conclusion the peace process started at Esquipulas by the Presidents of the countries of the region and reaffirmed the linkage between economic and social development, democracy and peace.

In this context, both parties reaffirmed the importance they attached to implementing the decisions adopted at Tela, Honduras, on 6 and 7 August 1989, which represented an important step towards a return to peace and political stability in the region.

Similarly, both parties acknowledged the importance of fulfilling the undertakings which the Presidents of the countries of Central America had given at their summit meeting held at San Isidro de Coronado, Costa Rica, on 10, 11 and 12 December 1989; they also recalled the appeal which the Central American Presidents had addressed to the international community to step up aid to the region given that international co-operation was a vital parallel factor in political endeavours to achieve peace in the region.

The Community Ministers congratulated the Central American Governments on the unfolding of the peace process as reflected in free, participatory elections, most recently in Nicaragua, and in the national reconciliation currently in progress in El Salvador.

The Community reaffirmed its resolve to support the efforts of the Central American countries in the search for peace, the consolidation of democracy and sustained economic development in the region. It accordingly recognized that the Central American economic summit called by the Presidents of the region in their Montelimar Declaration was of the greatest importance and it welcomed the calling of that meeting.

2. The Community and the Central American countries recalled the main objectives and measures laid down in the Luxembourg Agreement. They also reiterated that the endeavours for mutual co-operation would continue along the lines defined at the previous ministerial meetings, especially San José IV in Hamburg and San José V in San Pedro Sula, in particular with regard to emergency measures and measures aimed at reactivating, restructuring and strengthening the process of economic integration in Central America.

In this connection the Community and its Member States pledged to maintain continuing support for the studies, proposals and measures directed at regional integration and at improved incorporation of the Central American economy into the world economy.

3. The Ministers noted that, despite improved economic results in some countries of the region in 1989, the overall economic situation of the Central American countries remained very serious, with continuing conflicts in parts of the region and the deterioration of certain factors in the international economic climate, in particular the rise in interest rates and the fall in world prices of certain commodities exported by the region.

In the Ministers' opinion, this situation called for policies aimed at economic adjustment and modernization, the improvement of the socio-economic structures of each country and the strengthening of Central American economic integration.

The Ministers acknowledged the particular importance of international co-operation in providing support for these endeavours.

4. Both parties welcomed the new stage reached in co-operation between the Community and the Central American countries which made it possible to set up, with financial and technical assistance from the Community, a new regional payments system intended to revive regional trade within Central America.

The Community's decision to lend its support to this system was a positive step in response to the appeal addressed to it by the region at the San José V ministerial meeting in San Pedro Sula, Honduras, for support for efforts at restructuring, reactivation and strengthening of the process for the economic integration of the region. This decision was consistent with the dialogue between the Community and the Central American countries, the objectives of which are peace, stability, pluralistic democracy and sustained economic and social development in the region.

The decision provided support for the Central American countries' commitment to the progressive liberalization of regional trade, considered an important factor for the restructuring, reactivation and strengthening of economic integration in the region, the restoring of the convertibility of the Central American countries' currencies and the fuller integration of the region into international trade.

The Community decision took account of the economic restructuring effort undertaken by some countries in the region and was intended to strengthen the region's will to continue introducing reforms designed to improve the way economies operated.

5. The Ministers expressed their satisfaction at the level of overall Community aid, which had remained at about ECU 100 million for 1989 despite the technical difficulties encountered in the administration of food aid. They noted that all the operations initiated since the Hamburg ministerial meeting had proceeded satisfactorily.

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6. Recalling paragraph 14 of the Joint Political Communiqué, the Ministers of the Community, in close co-operation with the European Parliament, confirmed their decision to lend technical and financial support to the process of establishing the Central American Parliament, both as regards its material and technical organization and in the holding of electoral processes.
7. Both parties expressed their satisfaction regarding the meeting of the International Conference on Refugees in Central America (CIREFCA), held at the end of May 1989 in Guatemala, which had resulted in a co-ordinated plan of action, supported by the international community, to aid refugees, returnees and displaced persons in the region. They considered that the plan formed the reference framework for operations in this field and recalled that implementation of the projects provided for in the plan of action would contribute to the process of peace and reconciliation in the region. Within this framework the Community had already, since June 1989, implemented projects in various Central American countries.

Both parties agreed that recent political events would lead to significant flows of refugees returning to their countries of origin. This situation would require a considerable effort on the part of the whole international community. The next meeting of the CIREFCA, to be held in New York on 25 and 26 June 1990, would be of particular importance, since it would provide an opportunity for the Central American countries to present their priority projects and for the international community to take up the problem. The Community repeated its previous undertakings and said that it was prepared to provide substantial support for the voluntary return of refugees and for their reintegration into their communities of origin.

In accordance with the humanitarian principles to which they attached great importance, both parties confirmed the priority they gave to the voluntary repatriation of refugees to their countries of origin, which was the ideal solution to the problem, or, if the conditions were not suitable for such repatriation, to aid for refugees in the host country. In this context, the Ministers were particularly attentive to the emphasis which the International Conference had placed on the conditions of security, integrity and respect for human rights in which the voluntary return of refugees to their country or place of origin should take place, and agreed to continue the constant monitoring of compliance with these criteria.

The Community will consider the possibility of assisting Nicaragua and El Salvador in projects facilitating job creation to support the resettlement of demobilized irregular groups, the repatriation of skilled people and, insofar as necessary, emergency food aid.

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They also acknowledged the need for a further stepping-up of the promotion and implementation of plans for the protection of the environment and integrated development for host communities to the thousands of refugees, returnees or displaced persons in the region.

8. Both parties were pleased with the success of the first meeting, held in Geneva from 4 to 6 July 1989 under the auspices of the United Nations, between the Governments of the Central American countries and the Governments and institutions co-operating in the Special Economic Co-operation Plan for Central America (PEC).

The Central American side particularly appreciated the European Community's attendance at that meeting and its undertaking that it would make all the necessary efforts to intensify co-operation with Central America.

The Community and the Central American countries also welcomed the fact that the United Nations General Assembly Resolution of 19 December 1989, entitled "Special Economic Co-operation Plan for Central America", had been adopted by general agreement.

In view of the PEC's positive support for regional development and of the decision adopted on 3 April 1990 by the Central American Presidents at their summit meeting in Montelimar (Nicaragua), the Central American countries urged the Community Ministers to support approaches to the UNDP's Governing Council requesting it, in its next programming period, to allocate to the PEC resources equivalent to or greater than those granted in 1988 for its launching. They also urged them to participate in the sectoral meetings to be held from the second quarter of this year.

In this connection both parties stressed the urgent need for the largest possible number of countries to take an active part and for the international community to be encouraged to make commitments at those sectoral meetings.

9. Both parties welcomed the progress made in the procedures for the accession of several Central American countries to the General Agreement on Tariffs and Trade (GATT). This had already resulted in one country from the region acceding to GATT in November 1989.

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The Community strongly encouraged the other applicant countries to keep up their efforts and assured the Central American countries of its continued support within GATT in order to further as far as possible their integration into the multilateral trading system in the manner most appropriate to their development requirements and to the efforts being made by them in that connection. The Community side recognized the Central American efforts to act in co-ordination in the Uruguay Round negotiations through the work of the Central American Ambassadors' Group (GRUCA) in Geneva. The Community was prepared, in the context of its current technical assistance programmes in relation to GATT and the Uruguay Round, to examine requests for assistance from the Central American countries.

Both parties stressed the importance of the results already obtained in the GATT Uruguay Round multilateral negotiations. They stressed the positive nature of the Community's decision to apply progressively, even while the Uruguay Round negotiations were continuing, unilateral tariff reductions for certain tropical products of interest to the Central American countries.

The Community and the Central American countries participating in the Uruguay Round negotiations expressed their firm determination to continue their efforts in the current stage of the negotiations in order to reach a substantial, balanced final agreement on the basis of the Punta del Este Declaration and the results of the mid-term review.

10. Both parties recognized the need to give a further boost to trade between the two regions. They noted the positive contribution of the GSP and the improvements made to the System for 1990 in respect of products exported from the region. They also agreed on the usefulness of examining within the Subcommittee on Commodities and Trade Co-operation and in the Joint Committee ways of ensuring that the tariff concessions granted by the Community would achieve their full effect. Here, the Community pointed out that it would be possible to take advantage of the regional cumulative-origin rule within the GSP and that this could be of benefit to the region provided that administrative co-operation conditions were right.

In this context, two technical workshops had been organized in Central America during 1989, enabling Community experts to inform firms of the opportunities available under the GSP and how these could best be exploited. Both parties agreed to continue this effort.

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11. The Community informed the Central American side of the progress made in Community integration and the completion of the European single market, which had already stimulated economic growth in the countries of the Community and had led to a significant increase in Community imports in recent years, making it clear that the completion of a large, unified European market would stimulate the world economy.

The Central American side reiterated its concern at the effects which the single market might have in the region and confirmed its interest in the EEC taking steps to provide wide-ranging information on the opportunities for trade open to the region; examples of these were a study promoted by the European Commission in 1990 and the arrangement of information seminars for interested regional groups. At the same time, it asked the Community that there should be analysis, discussion and exchange of views on the matter in the Subcommittee on Commodities and Trade Co-operation.

The Community expressed its conviction that the completion of the single market would have a favourable impact on trade with Central America. It confirmed that it would continue to pay attention to the concerns of the Central American countries in this connection. It was agreed that the matter would be the subject of regular exchanges of views within the Subcommittee on Commodities and Trade Co-operation.

12. Both parties acknowledged that bananas were a commodity of major significance in trade between the two regions and that banana production was a factor of major impact on Central American economies. The Community side, which was currently studying the arrangements to apply to Community imports of bananas with a view to the single market, would endeavour to find a solution that took into consideration the interests of the countries of Central America. In that spirit, it would seek to avoid the new arrangements resulting in a deterioration in exports from these countries.

The two parties restated their concern over the Central American countries' loss of export earnings following the drop in the prices of certain commodities traditionally exported by the region, a concern increased by the region's great dependence on these commodities and the structural nature of the difficulties which those commodities faced, and they again voiced their conviction that it was especially important to encourage steps to diversify exports in order to reduce the level of that dependence. They also emphasized the need to improve the operation of world commodity markets in order to increase their transparency and in particular to improve the operation of the existing international commodity agreements in line with market trends.

The two parties recalled the content of the San José III, IV and V economic communiqués and the Community agreed to devote attention to the problems caused in the region by variations in the volume of earnings from commodity exports. They accordingly agreed to tackle the subject at the next meeting of the Specialist Subcommittee and the fourth meeting of the Joint Committee.

In this context, recognizing the negative effects of the current situation of the coffee market on the economies of coffee-producing countries, the Community reaffirmed the need to resume negotiations in the International Coffee Organization as soon as possible in order to arrive at a new and better Agreement which resolves the problems raised by the 1983 Agreement, while being fair to both producers and consumers.

The two parties emphasized the need for the Central American countries to widen the range of their exportable goods and their markets. That process should include both diversification of production, which was currently over-reliant on traditional tropical agricultural products, and greater involvement in the processing, marketing, transport and distribution of such products.

19. The States of Central America and of the Community took the view that external debt had become a critical problem for the development of the Central American countries. The burdensome debt-servicing obligations, which had become even more onerous following the rise in international interest rates, meant a major reduction in those countries' importing capacity and in the level of their investments, jeopardizing even further their development and growth.

In view of the scale of the problem, the Ministers of Central America and of the Community agreed to continue their efforts to implement the international debt strategy in conjunction with all other parties concerned. That strategy had enabled a balanced solution to be found to the debt problem of one of the countries in the region, the restructuring policy steadfastly implemented by that country having led to considerable commitments on the part of the multilateral financial institutions, many governments and the creditor banks in order to arrive at that solution.

The Community Ministers stated that they were prepared to provide, both bilaterally and multilaterally, the necessary support to ensure that the strategy was fully applied to any Central American country which adopted the economic restructuring policies approved by the international community.

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14. **Emphasizing the far-reaching implications of the Community's decision to devote, from 1989, substantial resources to the setting-up of the regional payments system, the Ministers examined thoroughly the conditions needed for the satisfactory implementation of this project and the other aspects of the programme presented by the Central American side at the San José V Conference in San Pedro Sula aimed at strengthening the regional integration process.**

With regard to the payments system, both sides repeated that, in accordance with the financing agreement signed in Dublin on 9 April 1990, on the occasion of the ministerial conference, the Community contribution to the system was based on the understanding that the Central American side would do everything to ensure maximum effectiveness, and in particular that it would implement on time its commitments on the progressive dismantling of obstacles to regional trade.

The Central American countries reiterated their commitment to the project and said that efforts were being made to enable it to be implemented.

Accordingly, and in the light of the outcome of the evaluations to be made of the system as regards honouring the commitments entered into and the correct functioning of the system, the Community would give favourable consideration to continued financial support for the two years following the first year of operation.

15. **On the subject of special action to aid the countries with a lower level of development having chronic regional trade deficits (Honduras and Nicaragua), the two parties recognized that the harmonious development of regional trade and the long-term balance of the regional payments system called for the sustained strengthening of the export capability of those two countries. They noted the statement by the Commission of the European Communities that the studies relating to a project directed towards that objective were at a very advanced stage and that a financing proposal would very soon be submitted to the relevant Community bodies, which would examine it in a constructive spirit.**
16. **Both parties re-affirmed that the Central American Bank for Economic Integration (CABEI) was an essential instrument in the region's development and emphasized the need for Central American governments to give it their firm backing.**

The parties accordingly welcomed the progress made in the policy of strengthening the legal and institutional, financial, operational and political support aspects of the CABEI, as borne out by the decisions adopted by the Assembly of Governors in September 1989 and January 1990. They considered it essential that those decisions should be implemented to enable the Bank to play the leading role reserved for it in the process of economic recovery in the region.

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For its part, the Community had in 1989 continued its contribution towards strengthening the CABI by deciding to grant a further ECU 6 million to the PAPIIC programme of loans to SMEs, which was managed by the CABI, and by granting the CABI technical assistance aimed at strengthening its organization. To the Community's contribution to the PAPIIC should be added the contributions made by the Community's Member States.

The Ministers noted with satisfaction that the new resources made available to the PAPIIC programme would enable a steady and substantial flow of loans to continue to be made to SMEs in the region for several years.

Moreover, the Community had asked the Commission to examine the work done on strengthening the CABI's institutions and to prepare a report on the subject with a view to the possible participation of those Community Member States which so desired in an increase in the Bank's capital, following the entry into force of the Protocol of Amendment to the Articles of Agreement, which made it possible for countries outside the region to become full members of the CABI.

The Central American Ministers again expressed great eagerness that the European Investment Bank should contribute to the financing of regional projects of special significance for their countries or other forms of co-operation which promote development in the region.

17. The Central American countries pointed to the need for financial resources to support efforts being made by the Central American countries to stabilize the balance of payments position. With that in mind, they reported on action undertaken to strengthen both financially and institutionally the Central American Fund for Monetary Stabilization under the Special Plan for Economic Co-operation with Central America (PEC). The Central American side intended to keep the Community informed of this process, with a view to considering possibilities for co-operation when appropriate.
18. The Ministers recalled the statements made at the San José V ministerial meeting and reiterated the need to continue supporting the Central American regional bodies in the important work of restructuring, reactivating and strengthening the process of integration in Central America.
19. Both parties examined their co-operation as a whole and the outlook for co-operation in the future, in particular in view of the outcome of the Joint Committee which met in Brussels in June 1989.

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The parties recognized that the programme of restructuring, reactivation and strengthening of regional integration, presented by the Central American side at San Pedro Sula, would contribute very significantly to the achievement of the regional objectives of stimulating their economies and strengthening the basic instruments of the Central American integration process and facilitate the region's integration into new world trade patterns. They therefore confirmed their wish to give the highest priority to this programme. They believed that the programme would take up a large part of the Community's co-operation resources; nevertheless, the Central American Ministers asked that the Community should give adequate support to future programmes and projects consonant with it. At the same time, regional or national projects should continue.

In this context, the Ministers expressed their satisfaction at the progress to date of the regional programmes and projects already being implemented with support from the Community and its Member States, in particular in the fields of food security, health, the strengthening of co-operatives, the development of small and medium-sized enterprises, agricultural research and air navigation. They were also pleased with the progress made on transfrontier development projects, especially the Trifinio Plan.

The Central American side referred to the value of the Panama-Costa Rica border development project, for which initial appraisals had been carried out. The Community stated that the implementation of this project would require a series of agreements to be concluded between the two Governments on, among other things, transfrontier movement. The Community would also look into the possibility of giving its support to the Republic of Panama's efforts to join, gradually but steadily, in the processes of regional integration.

20. Both parties emphasized the interest of continuing the efforts already underway in the field of scientific and technical co-operation. Those efforts would be stimulated by the work of the ad hoc Subcommittee on Scientific and Technical Co-operation set up at the last meeting of the Joint Committee.

Both parties recognized the importance of the measures undertaken, such as grants, research projects and seminars in the field of medicine, agriculture, geology and biotechnology.

The Central American side saw it as important that co-operation in science and technology be formulated in accordance with regional priorities so that it led to a strengthening of local scientific and technological capacity.

Both parties agreed that a meeting of the relevant Subcommittee should be convened at the earliest opportunity in order to determine the co-operation programme for 1990-1991, in accordance with regional priorities and with Community policy in this field.

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21. Both parties expressed their interest in transition to the second stage of the programme for co-operation on energy in productive activities in the rural sector. The completion of the feasibility studies conducted by the regional technical secretariat had enabled priority energy co-operation projects to be selected, encouraging the efficient use of forestry resources and hydroelectric potential, inter alia.
22. The Community and the countries of Central America undertook to step up their co-operation in protecting the environment in Central America with a view to supporting, by carrying out studies or pilot projects, the definition and the implementation of a strategy for safeguarding the region's natural resources that would achieve a fair balance between the interests of local people, the requirements of development and the need to preserve Central America's natural heritage, in particular its rain forest.

The Community and the Central American countries agreed to ensure that concern for safeguarding the environment both in worldwide and regional terms was adequately reflected in the various aspects of their co-operation. In this context, both sides welcomed the start of operations by the Central American Environment and Development Committee (CCAD), the first regional co-operation mechanism for promoting the optimum and rational use of natural resources and the protection and improvement of the environment of the countries of the region.

In view of the importance of the CCAD's activities, the Central American side asked the Community to offer it technical and financial assistance enabling it to implement the programmes drawn up by the Committee.

The Community said it would duly examine the requests submitted to it for measures corresponding to the above objectives.

The parties would take an active part in drafting a World Convention on Climate.

23. With a view to the essential diversification of production in the Central American countries, both parties emphasized the development of industrial co-operation between the two regions, as part of a strategy of broadening the base for exports from the Central American Isthmus.

Both sides recalled the statements made by the Central American countries at the third meeting of the Joint Co-operation Committee at which it was recognized that industrial co-operation was a priority for the region and that it was of special relevance as part of the natural follow-up to the programme for reactivating trade.

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Both sides also recalled that, at that meeting, the Community had said it was prepared to support a programme of industrial co-operation for the countries of the region and that the Joint Committee had proposed to set up a technical working party to examine the matter.

The Ministers expressed their conviction that in the field of industrial development co-operation the main responsibilities fall to economic agents themselves and that the role of the public authorities was to encourage, instigate and facilitate the conclusion of investment projects. With this in mind, the Central American side reported the setting-up of the Interinstitutional Group for the Industrial Sector (GISI), consisting of representatives of private-sector business and of regional organizations, in order to encourage industrial promotion and development in the region. Both sides acknowledged that it was essential to create a climate of confidence which would attract European investment to the region. The establishment of peace, the consolidation of democracy, the maintenance of stable institutions and sound economic policies were absolutely essential factors for creating such a climate of confidence.

The Ministers agreed that the countries of the region had the primary responsibility for creating a favourable environment to attract foreign investment. In this context the Community welcomed the accession of certain Central American countries to the Multilateral Investment Guarantee Agency (MIGA) set up under the auspices of the World Bank and stressed the importance of continuing on this course, notably by means of bilateral investment-protection agreements.

The Community recalled the various initiatives taken in the field of industrial co-operation in 1989, such as the signing of an agreement making possible the use of the International Investment Partners financial facility with Costa Rica, various trade promotion operations, export-training seminars for Central American managers and preparatory studies aimed at diversifying exports; these initiatives were in addition to the other programmes mentioned above.

24. As agreed at the last meeting of the Joint Committee and having regard to the importance of the agricultural sector for the political stability and economic and social development of the region, both sides highlighted their preparedness to strengthen their co-operation in that sector, striving *inter alia* to consolidate agro-industrial development processes.

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25. With regard to other areas of co-operation, both sides emphasized the mutual interest of promoting co-operation in the sectors of tourism and fisheries, while taking environmental aspects into account. These two sectors were well suited to the establishment of joint ventures between European and Central American partners, since the two sides' contributions could complement each other particularly well.

26. Both sides also welcomed the efforts made concerning the development of human resources, with most Community co-operation projects including a major training element.

They also stressed the positive experience of recent years as regards the training of senior Central American civil servants.

The parties were in agreement that mutual co-operation programmes planned in future should give special consideration to the needs of Central American indigenous communities.

Recalling the importance of the participation of women, with equal rights and responsibilities, in the development process, the Ministers agreed that, in conducting their co-operation, and in particular in operations aimed at developing human resources, all opportunities to enhance the role of women should be actively sought out and utilized.

27. The Ministers took note that, in accordance with the undertaking given by the Ministers of Colombia, Mexico and Venezuela a year ago at the San José V meeting to contribute to the objectives of the economic dialogue between the European Community and Central America, the Ministers of Colombia, Mexico and Venezuela distributed to the other participants in the Conference a paper entitled "Co-operation by Colombia, Mexico and Venezuela with Central America". This provided an inventory, an assessment and an outline of prospects regarding these countries' co-operation with the Central American region.

The Ministers of the Central American countries welcomed the tabling of this paper and expressed their willingness to put into practice the proposals contained in it.

The Ministers called on the European Commission to seek with Colombia, Mexico and Venezuela means of co-ordinating Community aid with aid from those three countries for the countries of the Central American Isthmus, with the aim of increasing the overall effectiveness of co-operation.