

## The strategic EU-CELAC relationship: Pending assessment<sup>1</sup>

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In February 2013 a Brussels newspaper, European Voice, published a short article analysing the First Summit of the Community of Latin American and Caribbean States (CELAC) and the European Union (EU) that took place in Santiago de Chile, echoing an evaluation undertaken by the influential magazine The Economist. According to the analysis of European Voice, the EU-Latin America Summit in Chile ended “with little in the way of tangible results”.<sup>2</sup> Two years later, two renowned analysts of relations between the European Union and Latin America appear to have republished the same categorical evaluation, referring to the recent Summit of Heads of State and Government that took place in Brussels in June 2015: the feeling of “*relationship fatigue*” seems to extend to both sides of the Atlantic.<sup>3</sup> Or even more dramatically, as suggested by a research associate at the Foundation for International Relations and Foreign Dialogue (*Fundación para las Relaciones Internacionales y el Diálogo Exterior* – FRIDE): a “puzzle of relations and not a coherent region-to-region partnership”.<sup>4</sup> This is no small matter if we consider from a diachronic perspective the not very productive assessment made by the international press regarding the previous Summit in Santiago in 2013, and the comparatively scant interest of the international press regarding the most recent Summit which took place in Brussels.

The main thesis in this article argues the end of a cycle whose long-term objectives no longer seem to provide a sense of purpose or offer a perspective of leading to

results with strategic importance for the EU-CELAC “strategic relationship”. Perhaps for this reason, as is well discussed by José Antonio Sanahuja, a prominent professor at the Complutense University in Madrid, bi-regional relations, in particular the Summits “no longer carry the same import, or seem as relevant and credible as in the past, symptomatic of agendas that are diluted by the sheer breadth of issues it tries to address, and the failing interest of leaders, the economic, political and social players, public opinion”.<sup>5</sup> There are two corollaries that follow from our main affirmation. Firstly, (a) a return, particularly in the Summits, to the overriding use of rhetoric in relations with specific countries and/or on a diverse range of independent issues where consensus is becoming increasingly difficult. And secondly, par excellence, (b) the need for a new “narrative” or mobilising perspective which confronts and surpasses the current basis on which the EU-Latin America and Caribbean relationship is founded, in particular with regards to the vision of “sustainable development”.

### The end of an economic cycle

It is a truism to say that relations between Europe and Latin America and the Caribbean are developing in a context that has changed rapidly in recent years. Indeed, as suggested in the title of an essay written by the Secretary General of FLACSO *Equity and Social Justice in Latin America: The Return of History*, (Equidad y Justicia Social en América Latina: El Retorno de la Historia- in Spanish) the end of the cycle of economic growth in Latin America – the so-called “recovery decade” – is being followed by a cycle that is affecting the ability of governments in the region to pursue the social policies of the past decade, in which they achieved a number of successes in reducing poverty and inequality.<sup>6</sup> Indeed, by using a diachronic perspective and analysing updated statistics from ECLAC and the World Bank, the above-

<sup>1</sup> This analysis was conducted at the request of ACT Alliance EU and CIFCA networks as part of their joint work on the CELAC-EU Summit 2015. It reflects the analysis and opinions of the author and does not necessarily reflect the positions of ACT Alliance EU and CIFCA.

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<sup>2</sup> European Voice. “Lack of results”, Brief section. 31 January-6 February, 2013.

<sup>3</sup> SANAHUJA, José Antonio. The EU and CELAC: Reinvigorating a strategic partnership. Hamburg, EU-LAC Foundation: 2015. p. 23.

<sup>4</sup> GRATIUS, Susanne. “EU-LAC: In need of a new roadmap”. Euroactive, 17 June 2015.

<sup>5</sup> SANAHUJA, José Antonio. Op. cit, p. 30.

<sup>6</sup> BONILLA, Adrián. El País, 3 May 2015 (*unofficial translation into English*)

mentioned study concludes that “the growth in Latin America did not announce a new upturn in the region to suggest that it has changed forever”. On the contrary, “the countries south of the Rio Grande continue to face persistent problems of poverty, social and political inequality, as always: with the economic elites best protected and the most vulnerable seeing how the winning decade is slipping through their fingers like desert sands”.<sup>7</sup>

It turns out that the depletion of the growth cycle in Latin America is a phenomenon caused by the international context and is being played out simultaneously in several regions of the world.<sup>8</sup> According to a recent ECLAC study published on the eve of the second EU-CELAC Summit, between 2003 and 2014 Latin American and Caribbean countries grew at rates well above those of the European Union countries. Even in 2009, when GDP fell in both regions, the decline was much lower in Latin America and the Caribbean. However, the study continues, “This remarkable growth in the Latin American economies was driven by a cyclical boom in export prices for a number of bulk and semiprocessed commodities (hydrocarbons, metals, soybeans and fruits, mainly).<sup>9</sup> Thus, **exports of goods from Latin America and the Caribbean to the EU are still concentrated on commodities and derivatives with low technological content.**<sup>10</sup> And if that were not enough, Latin America and the Caribbean have reached similar levels to the EU in annual emissions of greenhouse gases, despite their lower level of development.<sup>11</sup> Since

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<sup>7</sup> Ibid, Op. cit.

<sup>8</sup> According to Bonilla (Op. cit), there is no exception that identifies Latin America in particular, and both the expansion as the decline of their economies are expressions of global structural dynamics, rather than unconnected episodes caused by the miraculous visions of their political leaders. However, at the level of policy design and implementation, it is clear that there are a number of governments who achieved better social outcomes during this period. Governments who self-identify with the “left” for example, have clearly gained better results in reducing the Gini index, which measures inequality, than those who are regarded as liberal or “centre” governments.

<sup>9</sup> Economic Commission for Latin America and the Caribbean - ECLAC. The European Union and Latin America and the Caribbean in the new economic and social context. Santiago de Chile, May 2015, p.11.

<sup>10</sup> ECLAC, Op. cit. p. 54.

<sup>11</sup> “The high levels of pollution, and their attendant effects on health, are an issue of greater concern in Latin America, where urban areas, the vehicle

the trend in rising emissions in the region is set to continue in the near future, due to economic growth, “the pressures on the environment will tend to worsen”.<sup>12</sup>

### *The European Union faces existential questions (again)*

In 2013 the European Union recorded a per capita GDP, measured in purchasing power parity (PPP) of around \$ 34,700, considerably higher than in Latin America and the Caribbean, which reached \$ 14,900. In the year 2000, per capita income stood at \$ 23,500 and \$ 8,900, respectively. Therefore, despite the higher relative increase recorded in Latin America and the Caribbean, **the income gap between the two regions has increased in absolute terms.**<sup>13</sup> While the countries of the European Union are at the technological frontier or close to it in several advanced technologies, for example in the chemical-pharmaceutical sector or in metalworking, Latin American and Caribbean countries have few companies capable of producing frontier technologies. Despite this huge difference, neither of the two regions has reached levels of productivity seen in the United States, nor the growth rate of this variable the most dynamic economies of Asia. This common characteristic necessarily affects major international trade negotiations, especially those of a transatlantic and transpacific scope. Apart from issues related to tariffs, the ongoing negotiations of the European Union, in particular those relating to TTIP, could have a strong regulatory impact on exports from Latin America and the Caribbean.<sup>14</sup>

Under the motto “Shaping our common future: working for prosperous, cohesive and sustainable societies for our citizens”, the Heads of State and Government of the European Union and Latin America and the Caribbean met in Brussels on 10 and 11 June 2015 on the occasion of the second EU-CELAC Summit. In parallel, on 10 June, various authorities and company representatives from 61

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fleet and gasoline consumption are all growing rapidly. Furthermore, rates of car ownership in large cities are expected to increase as a result of stronger economic growth” (ibid, Op. cit. p. 42).

<sup>12</sup> ECLAC, Op. cit. p.13.

<sup>13</sup> ECLAC, Op. cit. p. 24.

<sup>14</sup> ECLAC, Op. cit. p. 65.

countries on both sides of the Atlantic met in Brussels in the so-called V Business Summit, under the motto “Promoting inclusive and sustainable growth by enhancing the role of small and medium enterprises”. The final declaration of the V Business Summit, whose structure and messages are not far from the Declaration of the IV Business Summit held two years earlier in Chile,<sup>15</sup> calls on governments to consider “the values of the free market and legal security as fundamental conditions to encourage long-term sustainable growth and quality employment”. The Declaration includes a call to strengthen Free Trade Agreements and promote joint mechanisms for public-private financing through flagship projects covering, but not limited to, the areas of clean technologies, energy efficiency and resource use.<sup>16</sup> A month earlier in Brussels, representatives of European governments and the private sector had discussed how to leverage digitisation to stimulate growth, modernise industry and maintain the competitiveness of Europe, but in a very particular context. The Guardian newspaper covered the story under the headline “Crisis in the Eurozone”. With the presence as the main panellist of former Greek Finance Minister Yanis Varoufakis, and with the widespread perception that the EU does not meet general expectations for job creation, the EU once again faced existential questions like “Who wants to be a member?, Who wants to no longer be a member? Can the EU deliver on its promise of job creation and growth?”<sup>17</sup> Commenting on the possible departure of Greece, the French economist Thomas Piketty simply said, “it would be the beginning of the end of the single currency. People would be wondering every morning ‘who will be the next to go’. That would be the beginning of the end.”<sup>18</sup>

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<sup>15</sup> IV European Union – Latin America and the Caribbean Business Summit: “Investment for economic growth, social inclusion and environmental sustainability”. 26 January 2013.

<sup>16</sup> Business Statement V European Union – Latin America and the Caribbean Summit: “Promoting inclusive and sustainable growth by enhancing the role of Small and Medium Sized Enterprises”. 10 June 2015.

<sup>17</sup> Interview by Euractiv to Thomas Tindemans, Chief Executive Officer of Hill+Knowlton. Available at <http://www.euractiv.com/video/thomas-tindemans-eu-facing-existential-questions-again-314452> Published: 8 May 2015

<sup>18</sup> <http://www.theguardian.com/business/live/2015/may/07/shares-bond-yields-rise-eurozone-greece-bailout-live>

### *The private sector in development and the declared benefits of small businesses*

The Declaration of Heads of State and Government of the European Union and the Community of Latin American and Caribbean States who met in Brussels on 10 and June 11, 2015, also known as the Brussels Declaration, covers a wide variety of issues (sustainable development, poverty eradication, climate change, renewable energy, social responsibility of companies, drug problem, investment mechanisms, gender equality, higher education, migration, etc.).<sup>19</sup> After recognising the contribution of the Euro-Latin American Parliamentary Assembly EUROLAT and the different parallel events organised by various social and economic actors, the Brussels Declaration recognises the issue of “citizen security” as a common concern.<sup>20</sup> After positively welcoming the increased trade in goods and services between the two regions, and echoing the motto of the Business Summit, the Declaration notes in paragraph 47 the importance of encouraging and facilitating the participation and competitiveness of micro, small and medium enterprises (MSMEs) in bi-regional trade. “We commit” says the Declaration “to create an enabling environment taking into account respective capabilities and levels of development to allow these

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<sup>19</sup> For a detailed analysis of the role of the private sector in development see the study, *New development cooperation strategies of the European Union in Latin America: The LAIF investment facility*. APRODEV, CIFCA, et. al. Brussels, June 2013.

<sup>20</sup> The new chapter in the EU-CELAC Action Plan on “Citizen Security” recognises a multi-sectoral and multidimensional approach and includes a series of preventive measures, promoting a culture of peace and non-violence, respect, promotion, the protection and observance of all human rights, institutional reforms, sufficient public investment, the real and effective participation of local stakeholders, including community participation and, where appropriate, municipalities, large and sustained political will and the adoption of modern and effective systems of information. Paragraph 72 of the Brussels Declaration includes the adoption by the EU of its strategy on citizen security in Central America and the Caribbean (which the Nicaraguan government does not accept because it believes that the Central American Security Strategy is the only binding instrument for the development of regional security in Central America).

enterprises to access markets, capacity building, financing, human capital and innovation”.<sup>21</sup>

Indeed, as a result of the efforts of European cooperation, according to a recent study by the Economic Commission for Latin America and the Caribbean (ECLAC), significant progress has been made in the business development and labour productivity of a large number of smaller units. But such progress, according to the same study, **“is still far from the type of sweeping transformation that would be needed to alter the aggregate variables of the region’s economies”**.<sup>22</sup> On the one hand, according to the study, in the Latin American and Caribbean, SMEs tend to exist in sectors with low added value, lower wages, low quality jobs and high informality. And on the other hand, Latin American MSMEs have a low impact on the structure of exports, which contrasts sharply with the performance of European MSMEs.<sup>23</sup> In other words, the absence of policies for industry and technology in Latin America, erratic growth and subsequent slowdown, incentives against activities requiring higher knowledge intensity and in favour of commodities demanded by the international market, have combined to weaken learning and increase productivity. In both Latin America and the Caribbean and the European Union, MSMEs account for 99% of the total number of companies and generate between 40% and 80% of employment. In the case of Latin America, these figures mask high levels of labour insecurity and informality.<sup>24</sup>

### A coherent narrative

Susanne Gratius, research associate at the FRIDE institute and professor of Political Science and International Relations at the Autonomous University of Madrid, has put forward the idea that the recent EU-CELAC Summit that took place in Brussels was a missed opportunity to build a strategic partnership between Europe and Latin America. In her words, the summit was “another missed opportunity to confirm that the EU is a global actor beyond its neighbourhood that can help Latin America counterbalance China’s growing influence”.<sup>25</sup> Moreover, the researcher continues, “bilateral results such as the establishment of a post-conflict trust fund in Colombia, or the elimination of visas for Colombians and Peruvians, did not require a Summit”. Indeed the diversity of issues on the agenda of the bilateral meeting, which concluded with three documents addressing too many issues, reflects a “puzzle of relations and not a coherent region-to-region partnership”. The EU-CELAC 2015-17 Plan of Action adopted in Brussels incorporates not only various initiatives consistent with the priorities established in the previous Summit but also new areas incorporated into the final high-level meeting, with 10 chapters linked “directly or indirectly” to the central theme of the Summit.<sup>26</sup> Two new chapters - Higher Education and Citizen Security - were incorporated into this Summit’s Plan of Action.

Indeed, given that in practice the political situation in Venezuela and Greece were the most important issues, the recent Summit missed out on the chance to cement a

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<sup>21</sup> Brussels Declaration, UE-CELAC Summit, 10 and 11 June 2015. Available at: <http://www.consilium.europa.eu/es/press/press-releases/2015/06/11-eu-celac-summit-brussels-declaration/>

<sup>22</sup> ECLAC. Economic Commission for Latin America and the Caribbean - ECLAC. The European Union and Latin America and the Caribbean in the new economic and social context. Santiago de Chile, May 2015. p. 14.

<sup>23</sup> Ibid, Op. cit. p. 78.

<sup>24</sup> “Regardless of a country’s level of social and economic development, these firms constitute the majority of production units. Their contribution to the total number of jobs varies considerably (from 40% to 80%) as does their contribution to GDP, though in the latter case to a lesser extent”. Ibid, Op. cit. p. 75.

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<sup>25</sup> GRATIUS, Susanne. EU-LAC: In need of a new roadmap. Euractiv, 17 Junio 2015.

<sup>26</sup> The chapters of the EU-CELAC Plan of Action 2015-17 are: (1) Science, research, innovation and technology; (2) Sustainable Development, Environment, Climate Change, Biodiversity and Energy; (3) regional integration and interconnectivity to promote integration and social cohesion; (4) Migration; (5) Education and employment to promote social integration and cohesion; (6) The world drug problem; (7) Gender; (8) Investments and entrepreneurship with a view to sustainable development; (9) Higher education; and (10) Public Safety. The chapter on gender was included in the previous Summit, and has since experienced minor advances.

relevant long-term coherent narrative.<sup>27</sup> A Declaration of the Euro Latin American Assembly (EUROLAT), not agreed by the European side and directed at the Heads of State and Government of both regions, is more than eloquent in this regard: “We regret” says the statement “that we did not agree a joint message for the Second CELAC-EU Summit of Heads of State because of the intransigent position of the European majority on a political stand point that for Latin America leads to a clear intervention in its internal affairs”. “We look forward to the future” continues the communiqué “to continue working with the European component of the EuroLat in compliance with the criteria for issuing joint statements fully agreed between the parties”.<sup>28</sup> After all, in the so-called Brussels Declaration of Heads of State and Government, the leaders of both regions failed to make an explicit reference to Venezuela, but included at the request of CELAC, a reference to the condemnation by the bloc of the USA’s decision to consider Venezuela a threat to its security.<sup>29</sup> As reflected in the suggestive title of a Euronews article,<sup>30</sup> what we have is a summit between “partners with reservations”.

In general terms, the statements from the various events organised around the Summit<sup>31</sup> maintain the same

positions, messages and tones as in the past. While the Declaration of organisations representing NGOs, social movements, associations, coordination groups and civil society networks (CONCORD-MESA) calls for equality, the primacy of human rights and democratic participation for the peoples of Europe and Latin America and the Caribbean,<sup>32</sup> the Declaration of the European Economic and Social Committee (EESC)<sup>33</sup> calls repeatedly for joint work towards “development”, “sustainable development”, “sustainable human development”, “sustainable economic development”, “local sustainable development” and “sustainable business within the concept of sustainable development”. The repetition or trivialisation of those elements that should be key to a “strategic partnership”, such as the concept of *sustainable development*, is a good example, as it also appears on the same recurring basis, in the Declaration of Heads of State and Government in 2013, and to a lesser extent, in the recent Declaration of 2015 (although it is absent in the text referred to as the Policy Statement).<sup>34</sup> The Declaration of trade unions, meanwhile, makes an explicit call to review the basis of trade relations between the two continents,<sup>35</sup> while the Academic Summit calls for a Euro-Latin American and

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<sup>27</sup> For a more detailed analysis of the results of the 2013 Santiago Summit, see HERNANDEZ, Juan Gustavo. “Una Cumbre marcada por sus poco resultados”. Narrativas oficiales en conflicto, silencios y bemoles. In: ¿Hacia dónde van las relaciones entre América Latina y la Unión Europea? Recursos Naturales, Sector Privado e Inversiones. Mexico City, ALOP: 2013.

<sup>28</sup> Comunicado del Co-Presidente ALC, Sr Leonel Vásquez Búcaro, a la II Cumbre CELAC-UE de Bruselas, 10 and 11 June 2015, paragraphs 10 and 11. Available at [http://www.europarl.europa.eu/intcoop/eurolat/menu\\_es.htm](http://www.europarl.europa.eu/intcoop/eurolat/menu_es.htm) (*unofficial translation*)

<sup>29</sup> ABELLÁN, Lucia. “Europa lucha por mantener su peso en América Latina”. El País, 12 June 2015.

<sup>30</sup> VALERO, Oscar. “La cumbre entre UE y CELAC: socios con reservas”. Euronews, 9 June 2015.

<sup>31</sup> The formal events organised around the presidential summit were: Seventh meeting of trade unions in the EU, Latin America and the Caribbean (10 and 11 March, 2015), Eighth Meeting of civil society organisations from the EU, Latin America and the Caribbean (11 and 12 March, 2015), Second EU-CELAC Civil Society Forum (19 and 20 March, 2015), CELAC-EU Youth Days (9 and 10 April, 2015) EUROLAT Euro - Latin-American Parliamentary Youth Assembly (3-5 June 2015), EU-CELAC Academic Summit (8 and 9 June, 2015), EU-CELAC Business Summit (June 10, 2015).

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<sup>32</sup> See Declaration of the EU-CELAC Civil Society Forum, 19 and 20 March 2015: Building fairer societies. Available at <http://www.consilium.europa.eu/en/meetings/international-summit/2015/06/10-11/>

<sup>33</sup> See Final Declaration, 8th meeting of organised civil society in the EU, Latin America and the Caribbean, 11 and 12 March 2015. <http://www.consilium.europa.eu/en/meetings/international-summit/2015/06/10-11/>

<sup>34</sup> The Political Declaration is an official text in which the Heads of State and Government of the EU and CELAC, together with the Presidents of the European Council and the European Commission commit to a deep and lasting regional strategic partnership based on historical, cultural and human links, international law, full respect for human rights, common values and mutual interests. The text welcomes the lasting bi-regional strategic partnership and reaffirms its founding principles, “which remain as valid today as they were 16 years ago when we celebrated in Rio de Janeiro our founding European Union-Latin America and the Caribbean Summit”. Text available at: <http://www.consilium.europa.eu/es/press/press-releases/2015/06/11-eu-celac-summit-brussels-declaration/>

<sup>35</sup> See Brussels Declaration, 7th meeting of trade unions from the EU, Latin America and the Caribbean, 10 and 11 March 2015. Available at: <http://www.consilium.europa.eu/en/meetings/international-summit/2015/06/10-11/>

Caribbean forum for higher education, science, technology and innovation.<sup>36</sup>

### Unresolved contradictions

As noted in the discussion above, the conventional narrative of the Bi-regional Association lacks meaning. Something more is expected, that is, a narrative with a sense of order that *incorporates and exceeds* expectations, to replace the current model of production and trade, establish regulatory policies to ensure the enjoyment of human rights and the eradication of poverty. The balance sheet of the second EU-CELAC Summit and its side events shows that all the Declarations, to a greater or lesser extent, incorporate the issue of climate change, and refer, in different ways, to the transition towards a low carbon emission economy.<sup>37</sup> However, the elephant in the room, namely fatigue, persists. The vagueness of the current narrative of the bi-regional partnership, perhaps due to its own *avoidance*, does not appear to have a mobilising capacity. However many possibilities arise: on the one hand we have the “end of the cycle” which did not cement a new era in Latin America to suggest that things have changed forever; and on the other, the constant European self-reflection that has projected its model globally on a journey without end. This contradiction, as pointed out above, opens the door to *make transparent* the nature of political relations.

The political objectives of the relationship between Latin America and the EU need to be renewed, especially regarding the notion of “sustainable development” that has

prevailed so far. As concluded in an article two years ago by Camilo Tovar, with the suggestive title *Relations between Latin America and the European Union in an era of change and the need for a new development paradigm to guide them*,<sup>38</sup> the aim of the strategic bi-regional partnership pursued since the Rio de Janeiro Summit in 1999 now needs to be revised, especially given proposals that challenge the conventional notion of development. From the point of view of the alternatives, a new mobilising narrative is essential, and will ultimately also be cost effective in terms of political and economic stability, poverty reduction and care for nature. However, for all that to happen, there is an urgent need for a comprehensive evaluation by the State and non-State actors mentioned in this article.

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<sup>36</sup> See Second Academic Summit of the CELAC-EU Latin America and the Caribbean and the European Union. Brussels, 9 June 2015. Available at: [http://www.americasportal.eu/content/academic-summit-2015\\_ES](http://www.americasportal.eu/content/academic-summit-2015_ES).

<sup>37</sup> For an overview of the diversity of positions in both regions regarding climate change, see the recent EUROLAT emergency resolution “The Europe-Latin America position on issues related to climate and climate change in the context of the 2015 Summit of Paris (COP 21)” Friday, June 5, 2015 - Brussels. Although the Declaration recognises that the next COP21 is crucial to reach a global agreement, and calls on the governments of both regions to reach a unified position in the UNFCCC process, at the time of writing this paper, the official presentation of the total Intended Nationally Determined Contributions (INDCs) amounts to only 16 out of a total of 192 signatories to the United Nations Framework Convention on climate change. Most Latin American countries have not yet submitted their INDC proposals.

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<sup>38</sup> TOVAR, Camilo. “Las relaciones entre América Latina y la Unión Europea ante un cambio de época y la necesidad de un nuevo paradigma del desarrollo que las oriente”. In: *¿Hacia dónde van las relaciones entre América Latina y la Unión Europea? Recursos Naturales, Sector Privado e Inversiones*. Mexico City, ALOP: 2013.

