



Central Europe Looks to Latin America

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Jerry Haar

As U.S. attention to Latin America recedes--understandably given the number of crises elsewhere on the globe--Europe is filling the void in part. The relationship between the European Union and Latin America has evolved into one of the most significant economic partnerships globally, with trade and investment flows reaching unprecedented levels today.

Looking at the current trade and investment status, total bilateral trade in goods reached €276 billion in 2024, yielding a positive balance of €24 billion for the EU. This represents a significant evolution from earlier periods when the EU often experienced trade deficits with the region.

In terms of investment flows and commitments, the European Union has consolidated its position as the leading investor in Latin America and the Caribbean, with foreign direct investment stocks exceeding €741 billion. This investment level matches the combined EU foreign direct investment in China, India, Japan, and Russia.

Usually overlooked in any discussion of EU-Latin American economic relations is Central Europe itself.

The economic ties between Central Europe and Latin America have deepened significantly since 2000, driven by corporate ventures in sectors ranging from automotive manufacturing to cybersecurity. Companies from Poland, Hungary, the Czech Republic, and Slovakia have leveraged trade agreements, regional stability, and niche expertise to establish footholds in Latin American markets.

Central European firms stand at a unique crossroads of opportunity in Latin America, benefiting from both EU trade frameworks and emerging bilateral relationships that position them advantageously for market expansion. The convergence of Latin America's economic attractiveness, growing investment in critical sectors, and Central Europe's technological expertise creates compelling prospects for cross-regional business development. Central European firms can

leverage their EU membership, technical capabilities, and cultural adaptability to establish sustainable market presence through strategic partnerships and targeted investment approaches.

To illustrate, Škoda Auto, the Czech automotive manufacturer, has maintained a presence in Latin American markets since the 1990s, though with varying levels of commitment. Škoda has continued serving Latin American markets through exports, selling approximately 45,000 vehicles annually in the region by the early 2000s and maintaining operations in Colombia since 1993, where it had sold around 16,000 cars by 2001

KGHM International Ltd., the Polish copper mining giant, provides another example through its investment in Chilean copper mines. Famed Żywiec, a pioneer in using carbon fiber in manufacturing is a significant exporter to Brazil. At the same time, Brazilian exports to Poland stand at \$1.75 billion with imports totaling \$850 million.

Yet another example is ESET, a Slovakian cybersecurity firm that currently maintains a presence in over a dozen countries of the region, working with 7 exclusive distributors and more than 4,000 sales channels.

While there are a myriad of trade and investment opportunities linking Central Europe and Latin America, four stand out.

First is *renewable energy and clean technology*. The renewable energy sector represents perhaps the most compelling opportunity for Central European firms in Latin America, driven by abundant natural resources and favorable government policies. Second is *technology and digital transformation*. Latin America's digital transformation presents exceptional opportunities for Central European technology firms, particularly in fintech, agrotech, and telecommunications sectors.

Critical minerals and mining are a third area of opportunity. Central European firms can contribute advanced extraction technologies, environmental management systems, and processing capabilities that meet increasingly stringent international sustainability standards. Finally, *agriculture and agribusiness* present another sector of great opportunity. Central European firms can contribute value-added processing technologies, precision agriculture systems, and cold chain management solutions that enhance productivity while meeting international quality standards.

Central American firms possess a number of strategic advantages for doing business in Latin America, especially their technological and industrial capabilities in manufacturing, engineering, and industrial automation. These align well with Latin American development needs.

The combination of advanced technical capabilities and competitive cost structures positions Central European firms favorably against both Western European and Asian competitors.

The future trajectory of EU-Latin America relations appears poised for significant acceleration, driven by mutual interests in sustainable development, supply chain diversification, and geopolitical balance. The potential creation of an integrated economic space encompassing 1.1

billion people represents not just an economic opportunity but a strategic imperative for both regions in an increasingly multipolar world economy.

As such, Central Europe is destined to play a major role in the transformation and growth trajectory. To do so, Central European firms must adopt a three-pronged approach: 1) exploit EU trade frameworks to mitigate tariffs and non-tariff barriers; 2) align technological innovations with Latin America's export priorities in agribusiness, mining, and renewables; and 3) forge equity-based joint ventures to share risks and localize operations. By integrating into Latin America's export ecosystems, Central Europe can secure critical resources, diversify supply chains, and establish long-term competitiveness in a region poised to dominate global food and energy markets.

The key to long-term success from Central European-EU cooperation and collaboration lies in combining technical excellence with relationship-based business development, creating value propositions that address Latin American development priorities while building enduring commercial partnerships.

Jerry Haar is a visiting scholar at Harvard University and a professor of international business at Florida International University.