



# IPRIS Viewpoints

MARCH 2010

## EU and Latin America: Reviving a Ten Year Old Partnership

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At first glance, one could question the reasons behind the considerable efforts put into improving relations between the European Union, Latin America and the Caribbean (EU-LAC). The shared colonial-historical past and long-lasting cultural affinities with certain European states appear to be the only relevant ties between these two continents, with an entire ocean of differences dividing them.

Despite such misconceptions, a concrete analysis of the situation clearly brings to light the advantages and possibilities that would result from the development of relations between the two regions. By refusing to focus solely on political cooperation and economic development, the dialog between these regions has also addressed a multitude of (usually) “secondary” matters, such as social cohesion, migration control or the protection of the environment. These issues, when properly tackled, can bring about important contributions to mutual sustainable growth.

Nevertheless, despite having begun with good prospects in 1999, the institutional process currently underway appears to have stalled. The obstacles on its path as well as its difficult adaptation to a demanding international context appear to be endangering the success of the entire process.

### **From Rio to Lima**

Although the current relationship between the European Union, Latin America and the Caribbean only officially started in 1999, cooperation ties between the regions began to take form long before. Beginning in the 1980's, the EU gradually put in place an institutional framework with the aim of fostering a political dialog with Central American countries through the San José Process. Relations with the remaining southern continent were also incremented in the following years by the Rome Declaration of 1990, which served to institutionalize meetings with the newly formed Rio Group, despite focusing mainly on democratization and conflict resolution in the region.

Through the 1990's, and taking into account Spain and Portugal's “natural” motivation, the EU started to pay more attention to the ongoing regional integration processes and realized their raw potential for furthering cooperation. By designating the Common Market of the South (MERCOSUR) and the Andean Pact – later, the Andean Community (CAN) – as the main “targets” in the region, the European authorities engineered an initial network of agreements with these institutions, namely the Interregional Frame-



work Cooperation Agreement with the first in 1995, and a Joint Declaration with the latter in 1996, both formalizing political dialog with the EU.

However, the growing number of missed economic opportunities and the increasing international weight of Latin America in the world, proved to both parts that in order to stand up to the challenges of a new millennium, such a relationship needed to be re-funded and rethought.

With such prospects in mind, the Heads of State and Government of Latin America and the Caribbean, alongside their EU counterparts, gathered in Rio de Janeiro in June 1999 to lay the foundation for a re-

newed partnership between the two regions. The main (and most ambitious) goal was to foster political, economic and cultural understanding, supported by a strengthening of democracy, rule of law, international peace and political stability. Consolidating the liberalization of the multilateral trade system in order to intensify economic relations, as well as creating incentives to further open regionalism, were also among the desired objectives.

Despite the euphoria surrounding the establishment of this “new” association, the EU remained very pragmatic about its foreign policy agenda in Latin America and in the Caribbean, refusing to ignore the important role of singular economic heavyweights. Consequently, the EU sought to diversify its regional partners by intensifying its cooperation with Mexico under the Economic Partnership, Political Coordination and Cooperation Agreement signed in 1997 (and entering into force in 2000). This agreement established a free trade area between the two parties, thus enshrining bilateral trade relations in a preferential framework and helping to enhance bilateral economic ties, while at the same time acting as a catalyst for investment flows. Regular high-level political dialog was also agreed upon. On the other hand, the Caribbean states (with the notable exception of Cuba) also initiated a new chapter as members of the ACP (Africa, Caribbean and Pacific) group by signing the Cotonou Agreement in 2000.

Such “deviations” in the EU’s general policy for the continent did not compromise the evolution of the regional cooperation. The second Summit of Heads of State and Government took place in May 2002 in Madrid: the strategy established in Rio was on this occasion assessed and reinforced by a slew of more concrete measures. Also, negotiations began with Central America and the Andean Community directed at reaching new political cooperation agreements with the EU (an agreement was reached in 2003). At the same time, a significant association agreement was reached with Chile, a testimony to the EU’s varying approaches in the region.

In May 2004, the various leaders would once again convene in a new summit, this time in Guadalajara, Mexico. In spite of their consensual commitment to multilateralism and to the United Nations, the meeting was mostly dominated by the participants’ international security agendas (and by the fallout of the U.S. invasion of Iraq), the recent EU enlargement, and most prominently the stagnation of negotiations within the World Trade Organisation (WTO) after the failure of the Cancun conference in September 2003.

Faced with such adversities, the EU refused to abandon the multilateral road, choosing instead to concentrate on sub-regional options by relaunching negotiations for a partnership agreement between Europe and MERCOSUR (including the creation of a free trade zone) and opening the door to the same possibility with the An-

dean and Central American countries. Such a process would, nonetheless, be conditional to “the outcome of the Doha Development Agenda and the realization of a sufficient level of regional economic integration”. Guadalajara would also try to shed new light on the issue of social cohesion (highlighting the lack of resources available to reach the proposed goals), as well as on the growing public awareness of the EU’s unilateralist tendencies regarding decision-making in cooperation strategies.

In 2005, the European Commission tried to boost the EU’s political will with a communication entitled “A stronger partnership with the European Union and Latin America”, which revised the community’s strat-

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egy and synthesized its objectives: increasing political dialog, creating a climate favorable to trade and investment, and stimulating stability and prosperity in Latin America together with greater mutual understanding and more effective cooperation.

However, such new efforts were not enough to prevent the disappointing results of the Vienna summit in May 2006. Aside from officially opening negotiations with Central America in order to reach an association agreement and encouraging the creation of an EU-Latin America and Caribbean Parliamentary Assembly, political leaders failed to take the partnership to new levels, their attitude mirroring the difficult situations both regions were facing, with the possibility of the disintegration of the Andean Community (accentuated by Venezuela's exit) and the heated debate over the European Constitution.

Such difficulties in reaching a multilateral consensus led to the pursuit of greater bilateral ties between the EU and the major actors in Latin America. In 2007, recognizing the growing regional importance of Brazil and despite comatose negotiations with MERCOSUR, the EU under the Portuguese presidency decided to establish a Strategic Partnership with the country in order to seek an increased high-level political dialog. The same logic would be followed the following year, as formal ties with Mexico were also deepened.

Still, the EU's relationship with Latin America and the Caribbean would remain dormant, even after the Lima summit of 2008. By choosing to broaden the bi-regional agenda and discuss issues such as poverty, food prices and sustainable development (climate change, environment, energy), the Heads of State and Government present ended up not achieving any new or truly relevant results regarding trade, economic

relations and association agreements with regional partners. The development of a partnership between the EU and Latin America, envisioned at Rio, was then considered to be at a crossroads.

### A new context

The blame for the lack of progress in relations between the two regions could be easily assigned to both parties. By failing to recognize the profound transformations that occurred in the international system as well in the European Union and in Latin America, political leaders managed to bring this ten-year-old process to a halt. First of all, leaders neglected to pay attention to the increasing strategic, political, economic and demographic weight of the Pacific Asia area, an evolution which gripped the international community's attention. Such an unavoidable "variable" and its worldly connections have subsequent consequences on the EU-LAC relationship. On one hand, European political will is likely to preferentially set its sights on Asia's growing economic and trade possibilities, in obvious detriment to Latin America – now seen as a "secondary" destination for European interests. On the other, the tremendous flows of Asian investment into the energy and agriculture sectors of Latin America (exemplified by China's adherence to the Inter-American Development Bank in early 2009) have gradually replaced the previous traditional European hegemony in the region's economic structures and serve as a way of feeding the Far East's hunger for raw materials and food supplies.

The repercussions of the Millennium Development Goals set by international consensus under the United Nations must also be taken into account. As the poorest countries in Asia and Africa became the privileged recipients of development aid, most Latin American

Latin America is now rich in diverse political visions and economic policies. In some cases, the burgeoning of new nationalist views, together with the development of a strong ideological component, have paved the way for the adoption of populist measures and for the appearance of nationalization proposals, thus decreasing the stability and security of established investments and discouraging foreign investors from financing traditional sovereign economic sectors.



countries reached the status of middle-income states despite harboring great social inequalities and having an absence of social cohesion. This was another contributing factor to the EU's progressive loss of interest in the region and the expected reduction in funds available for cooperation programs.

The EU's own structural complications are also a problem. The enlargements of 2004 and 2007 introduced 12 new states, many of which needed political, economic and technical assistance while they pursued full integration with community institutions, in a way distracting the EU from its proposed foreign goals. At the same time, none of the new members have significant interests

in that part of the globe, nor do they know the region or its problems and needs. As Celestino del Arenal states, "the result is that with an enlarged Europe it is much more difficult for the EU to pay attention to Latin America". The resulting institutional crisis, beginning with the now defunct Constitution until the recent Lisbon Treaty, would also hamper the EU's foreign policy: in truth, the benefits of this new institutional framework remain too uncertain to actually contribute to this process. Furthermore, amid international focus on security, the EU's strategic concerns are basically located in the Balkans, the Middle East, Russia and the Maghreb – Latin American countries currently do not constitute any kind of immediate threat to European interests, and as

a result European states no longer see the need to move forward with the deepening of relations in that part of the world.

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The EU and Latin America are now required to commonly agree on a new course of action in which the new realities are sufficiently taken into consideration, and where new objectives are set on the back of previous successful experiences. Consequently, reinforcing political dialog is of the utmost importance, especially in light of the spillover effect it can have on other possible areas of cooperation.

Likewise, the profusion of recent integration projects in Latin America brought about a disturbance of pre-existing regional power arrangements. The creation of the highly ideological Bolivarian Alliance for the Americas (ALBA) or the widely hopeful Union of South American Nations (UNASUR) have shuffled the usual leadership roles in the continent, raising greater concerns about who the EU should focus on. Conversely, the development of Brazil as an indisputable power-broker (adding pressure to the negotiations between the EU and MERCOSUR), and the decline of the Andean Community block (limiting potential cooperation with significant partnering countries) seem to con-

firm and highlight the asymmetries of the region. These in turn reflect the different local agendas and objectives concerning the development of a fruitful relationship with the EU.

#### The way forward and the Spanish presidency

As they are facing such significant changes in their partnership, the EU and Latin America are now required to commonly agree on a new course of action in which the new realities are sufficiently taken into consideration, and where new objectives are set on the back of previous successful experiences. Consequently, reinforcing political dialog is of the utmost importance, especially in light of the spillover effect it can have on other possible areas of cooperation. A mutual confidence-building attitude is always required if parties are to proceed with any developments in their

mutual partnership since, in the words of José Sana-huja, there are still "notable shortcomings in the interpretation of the realities of both regions, which frequently lead to inadequate labels – such as Latin America 'populism' or European 'neocolonialism' – which do not help to understand each region's dynamics". In order to overcome these misunderstandings, initiatives like the Euro-Latin American Parliamentary Assembly (which implies a more open and transparent process), and its proposed "Euro-Latin American Charter for Peace and Security" should be encouraged while accompanied by a greater clarifica-



tion of the summits' role in the partnership. Due to the considerable timeframe between each gathering, it would be appropriate to create a permanent and flexible body charged with the preparation and the follow-up of each and every high-level political meeting comprising the two regions; the long-delayed EU-Latin American and Caribbean Foundation is bound to inevitably assume such enterprise. Additionally, the creation of UNASUR presents an ideal opportunity for Europe to be at the centre and to foster fresh political and economic ties with a new regional actor, while still "investing" in the success of local integration projects.

Other frequent goal in the respective leaders' declarations is the constant desire to tackle social cohesion issues, including poverty and multiple inequalities throughout the region. Through its own experience (in which integration, economic and social development were permanently intertwined) the EU is in the ideal position to promote the principles and tools of a successful model that, nonetheless, can not be simply imposed to Latin America because it would mean running the risk of widespread accusations of unilateralism. To avoid such an outcome, it is fundamental that the social agenda be extended beyond the routine political meetings, and that the funds available for existing cooperation programs – like the highly praised EUROsociAL – be

increased. The EU must pay greater attention to more pressing matters, like narcotrafficking and the immigration subject, as these issues have mutually unsettling consequences in both regions. A revision of the 2007-2013 cooperation programs (that already foresee €3 billion in assistance initiatives) would also be required in order for the EU to remain Latin America and the Caribbean's number one donor.

Finally, the EU's gradual networking of bilateral relations must be pursued carefully. Due to significant divergences inside the Andean Community, the EU

has initiated bilateral negotiations with Colombia, Peru and Ecuador, trying to reach an association agreement similar to the ones signed with Chile and Mexico. However, and despite the political and economic viability of this approach (between 1999 and 2008 EU, imports from Latin America increased from €42.5 billion to €102.4 billion and exports went from €52.2 billion to €86.4 billion), such a decision not only undermines the traditional European encouragement to regional integration, but also risks alienating Bolivia (who disagrees with the EU's terms), dangerously

jeopardizing UNASUR's development, which is precisely based on the convergence of the Andean Community and MERCOSUR. It is thus necessary to create a strategy grounded in compromise that can take the relationship between the EU and the southern countries to the next level, while continuing to support the development of local institutional solutions. At the end of the day, these will be the EU's preferential partners, with whom a generalized approach to the entire region can be constructed. Among such a wide range of possible courses of action, the Spanish Presidency of the European Council will, in the first semester of 2010, have to find and define a new European approach to the American continent. Needless to say that the sixth Summit of Heads of State and Government, with the motto "Innovation and Technology for sustainable development and social inclusion",

will garner a lot off attention, but the laborious diplomatic efforts leading up to date will be crucial. Taking advantage of its historical and cultural history with Latin America and the Caribbean, Spain is in a privileged position to bring about a consensus, and has already expressed the wish to take a "qualitative leap" in the relations between the two regions. This goal is shared by the European Commission's new direction, expressed in the communication, "The European Union and Latin America: Global Players in Partnership", as well as by Portugal, also significantly connected to the continent.

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Paving the road for this summit, recent reports from the latest EU-Brazil ministerial meeting seem to indicate a mutual willingness to reach a general understanding between the European authorities and MERCOSUR, thus giving a renewed impulse to the negotiations, stagnant since 2004. A possible solution put forth by Brazilian Foreign Minister Celso Amorim includes temporarily setting aside the agricultural subject (the thorniest topic in every discussions) in order to reach a general political agreement by May that would allow the implementation of an association agreement between the two institutions. Moreover, a similar agreement with Central American countries is also likely to be signed in the upcoming meeting, in light of the Honduras' gradual pacification, a problem that had blocked the entire process back in 2009.

### Conclusion

Presented with the upcoming opportunity to overcome the obstacles to a prosperous relationship, the leaders of Europe, Latin America and Caribbean must remember their shared common values and principles, the lessons from the past and the possibilities for the future, in order to create a long-lasting and stable political climate for both societies, as well as to face the diverse problems that stand in the way of a common and sustainable development. More than the usual photo-ops, political declarations or legitimate concerns, the two parties must come together – bearing in mind the Rio legacy as well as the new world challenges – so as to put in place concrete and substantial measures that will allow the integral and complete fulfillment of this bi-regional partnership.

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