The European Union and Latin America

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The Council rea...ms the importance of the EU’s strategic partnership with Latin America in the global context and is determined to further strengthen cooperation in the mutual interest of both regions. The Council wishes to strengthen the cooperation on the jointly identified priorities and to further reinforce the partnership through promoting our common values and interests.

(Council of the European Union 2009a: 1)

In this communication of December 2009 the European Union (EU) expressed its interest in reinforcing relations with Latin America at the turn of the 21st century. This represents a relatively new development. Indeed, the importance of Latin America to the European bloc is recent: closer links between both regions were only built from the 1990s, and the current ‘strategic partnership’ dates from 1999 (European Commission 1999: 1). At first sight, this delay may seem curious if one considers the strong connections developed between the two regions during the colonial period and even after the independence processes. In fact, until the First World War Latin America had been Europe’s most important trade partner. Even in the 1950s the region maintained a relatively high volume of trade with the European Community (EC). However, Latin America was not chosen as a priority in the launching of the Community’s external relations. Constrained by a France seeking to keep free access to the exports of its former colonies and to share eventual costs of economic assistance (Grilli 1993: 7), EC members decided to move their attention to Africa. Additionally at that time Europe was faced with a dominant North American influence on Latin America. After the Second World War the economic dependence of the region vis-à-vis the USA reinforced a renewed political Pan-Americanism which was reflected in security issues (Santander 2008: 120–23).

After almost 40 years of near absence, therefore, Europe has returned to Latin America. Not surprisingly, this return has happened during the global reorientation after the end of the Cold War and the ‘new-regionalism’ wave (Hettne and Inotai 1994: 2). In a few years, the forgotten Latin American subcontinent became the greatest hope of the EU to export its model of integration, mainly with the creation of the southern common market (Mercosur). In order to understand how this process took place, this chapter analyses the relations between the EU and Latin American regions or countries, focusing on integration, trade and development aid. I argue that the EU-Latin American dialogue can be divided into three phases, according to the
strategic aims of the EU. Between the 1970s and 1990s Europe was interested in reactivating commercial routes with Latin American countries. From 1990 to 2005 the renewal of attempts at regional integration in Latin America stimulated a region-to-region approach, whereby politics counted almost as much as trade to EU negotiators. Since 2005 the particular development of Latin American regionalism and political change, both in the EU and in Latin America, have led to a more pragmatic European approach, centred in emerging states either through inter-regional or bilateral contacts. The conclusion will reflect on the prospect for present and future collaboration between both regions.

A peripheral trade partnership

During the 1950s and 1960s relations between Europe and Latin America were heavily influenced by the political and economic context of the end of the Second World War. Security concerns dominated the agenda in the Americas, witnessing the intervention of the USA in several countries to avoid the ‘communist threat’. At the same time, the constitution of the European Economic Community in 1957 directly affected Latin America’s fragile economies. The internal integration of the European market and the preferences offered to African countries changed the former trade rates with Latin American partners, which felt abandoned by Europe and firmly turned towards the USA (Grilli 1993: 229). Nevertheless, some European states, such as Italy, kept their bilateral relations with the region and, from the 1960s on, the EC started providing financial aid to Latin American countries.

The first concrete moves towards regionalism in Latin America in the 20th century emerged without European support. In 1951 the creation of the Organization of Central American States (ODECA) was inspired by the Organization of American States (OAS) and intended as a diplomatic device whereby Central America could gain voice in the United Nations (UN) arena (Dabène 2009: 48). The Latin American Free Trade Association (LAFTA) of 1960 was based on developmental assumptions derived from the North American influence on the region and conceived as a reaction to European external tariffs and agricultural protectionism (Mattli 1999: 140). In 1969 a group of South American countries’ discontent with unequal economic outcomes experienced within LAFTA founded the Andean Community (CAN). Before that, in 1965, Caribbean nations decided to formalize the Caribbean Free Trade Association (CARIFTA), motivated by their common needs in terms of economic, institutional, educational and environmental matters.

The 1970s witnessed the rise of semi-organized external measures of the EC towards Latin America. Political and economic initiatives took place following the institutionalization in 1970 of EC ministers of foreign affairs’ meetings in the form of the European Political Cooperation (EPC). The EC Council’s Declaration of December 1970, after the first report of the Commission on relations with Latin America of 1969, engendered the establishment of regular meetings between the Group of Latin American Ambassadors (GRULA) in Brussels and EC representatives. This political dialogue was enhanced by commercial interests of Latin American countries, which had been facing the limits of industrialization through import substitution. In this period the Community signed bilateral treaties with Argentina (1971), Uruguay and Brazil (1973), and Mexico (1975), which represent the so-called first-generation agreements between the EU and Latin America, for they displayed an exclusively commercial frame. Even though immediate results were not spectacular, periodic meetings of joint committees facilitated mutual understanding and created opportunities for economic co-operation which these countries would undertake a decade later (Pereznieto Castro 1999: 109).

The first wave of commercial agreements was related to the EC’s Generalized System of Preferences, which granted several developing countries non-reciprocal trade preferences during
the 1970s. Nonetheless, Latin American countries tended to receive less advantageous preferences than those offered to some African states. Following the accession of the United Kingdom to the Community in 1973, these preferences were extended further in Africa and to Pacific and Caribbean countries, which together formed the group of African, Caribbean and Pacific states (ACP) that signed the Lomé Convention in 1975. Not coincidently, in this period Caribbean countries strengthened their own regional structure with the creation of the Caribbean Community (CARICOM) in 1973. Through the Caribbean region, Latin America was finally coming closer to parity with Africa in terms of access to EC economic assistance. However, the range of non-reciprocal clauses and financial aid was not the only difference between ACP conventions and agreements signed at that time with other Latin American countries. EU-ACP relations were based on the notion of association, which worked as an extension of colonial economic practices so as to preserve the influence of the metropole (Grilli 1993: 40).

In 1984, after the military conflict involving Nicaragua and El Salvador, the EC took part in the negotiations seeking pacification and democratization in Central America (Roy 1992; Smith 1995) and proposed a co-operation agreement, which was eventually signed in 1985. The Central American Common Market (CACM) had been founded in 1960 and was economically more successful than LAFTA in its first decade. In 1983 a trade and co-operation agreement was reached with CAN. These mid-1980s agreements are described as the second generation of agreements, for they have added an implicit political component to the economic bases of the first generation. In the case of Central America the treaty was a product of an institutionalized political dialogue in search of peace. In the Andean region it had to do with the return of civilian democratic regimes.

However, the common feature in both cases was the regional approach of the EC. Indeed, during the 1980s the Community started making some steps in the direction of its inter-regional strategy, which developed more concretely from the 1990s on. This approach differs in content and in geographic scope from the exchanges that took place during the 1970s: instead of negotiating trade agreements with isolated countries, the EC looked for agreements that would have a commercial, political and social impact upon groups of states, preferably if they constituted a formalized region. Interestingly, this kind of co-operation was more a response to specific historical ties and to critical conjunctures than the expression of a genuine European foreign policy design (Alecu de Flers and Regelsberger 2005: 321). The crises in the Mediterranean basin and in Arab-Israeli relations during the 1970s forced EC countries to entail a collective region-to-region dialogue in the name of their security and economic well-being, which was then reflected in the co-operation with other zones. This turning-point was echoed in the Latin American use of regional integration to solve conflicts and prevent military attacks upon the newly established democratic regimes (Dabène 2009). The next section analyses the organized European promotion of regionalism in Latin America that followed this initial moment, and the inter-regional collaboration that developed later on.

The inter-regional model applied to Latin America

The events of the end of the 1980s brought a totally new context to the global order. The fall of the Berlin Wall has progressively led to the end of the bipolarized system and accelerated globalization. It also gave Europe the chance to deepen its integration process, to extend this to new countries and to develop new roles in the international arena (Santander 2008: 155). In 1986 Portugal and Spain joined the Community and a few years later the single market was implemented. These facts resulted in the erosion of trade preferences granted to Latin American countries, so that bilateral arrangements in this sense had to be made during the Uruguay
Round that created the World Trade Organization (WTO) (Ventura 2003: 381; Sanahuja 2000b: 44). The EU’s impetus to create closer links with Latin America at this time derived thus from structural economic changes (H. Smith 1998: 166) which also stimulated the rise of inter-regional relations. Indeed, the emergence of regions as global actors has reinforced Europe’s belief in a new multilateral world, where the USA does not keep exclusive zones of influence. The renewal of relations with Latin America is part of this broader context within which the EU is seeking to re-establish links with diverse and once distant areas.

These bloc-to-bloc relations became progressively known in the literature by the term ‘inter-regionalism’ (Hänggi 2000; Söderbaum, Stålgren and van Langenhove 2005; Doidge 2007), defined as institutionalized relations between world regions (Hänggi, Roloff and Rüland 2006: 3). Due to its position as a catalyst of regionalism, the EU often plays a distinguished role in this field (Hettne 2010). This section shows how inter-regionalism is an unavoidable theoretical tool through which to understand the EU’s relations with Latin America during the 1990s. In the case of Mercosur, the inter-regional logic fostered the creation of new institutions and mechanisms that should strengthen the integration process in the light of the European experience.

Maastricht’s effects and the spread of regionalism

The EC’s participation in the peace process in Central America led to the establishment of informal relations with the Rio Group, which gathered Latin American countries implicated in the crisis resolution. In 1990 this political dialogue was institutionalized and the Group was extended to almost all states of the subcontinent, including a representative from CARICOM. By this time, Latin America had consolidated a new development model based on liberalizing policies and regional agreements. This ‘open regionalism’ contrasts with the introverted regionalism of the preceding decades (Santander 2008: 68). Following the ideas of the UN Economic Commission for Latin America (CEPAL), this open regionalism is characterized by trade liberalization, commercial openness to international markets, institution-building and increased participation of public and private actors in the decision-making process (ibid.: 81).

The Maastricht Treaty was signed during this period, creating the Common Foreign and Security Policy (CFSP) as the second pillar of the EU, which tried to improve former coordination procedures. It expressly included potential areas of action vis-à-vis developing countries. Moreover, the set of objectives for external policies included the protection of democracy and human rights, conflict prevention, promotion of regional integration, networks of international co-operation and good governance (K.E. Smith 2003: 13). Co-operation and development policies became thus more interconnected under this new umbrella, so that financial aid and trade preferences would have to respect CFSP conditions. These events, added to the US initiative of creating a Free Trade Area of the Americas (FTAA), paved the way for the rise of a third generation of agreements between the EU and Latin America in the 1990s. These agreements included former mechanisms regarding social, economic and institutional co-operation, but introduced new political and commercial provisions. The main innovations concern the inclusion of an instance of regular political dialogue and a democratic clause, besides foreseeing the establishment of a free trade area (Flaesch–Mougin 1999: 161–66). More than their commitments they created, these agreements were intended to play a political role and reflected a strategy by the EU to reinforce its presence in the world and to consolidate its legal personality in contrast to member states (Hoffmann 2002: 72).

After the Caribbean region, Central America was the main destination of direct EC aid to Latin America during the 1970s and 1980s (Grilli 1993: 256). However, considering the small
Central American markets, European economic interests were not as important. The first commercial steps in the region were made from 1991 onwards when special concessions were granted and the countries became eligible for credit from the European Investment Bank (Briceño Ruiz 2002: 296). Meanwhile, Central America promoted a reactivation of its own integration process with the Tegucigalpa Protocol, defining the institutional bases for the Central American Integration System (SICA). In 1993 a Framework Co-operation Agreement was signed with the EU. In 2003 it was reinforced by the Political Dialogue and Co-operation Agreement, by which parties agreed to start discussing an association agreement and the concretization of the free trade area. According to Véliz Argueta (2008), even then European interests in Central America had more to do with the building of the EU as a unified international actor than with the economic possibilities offered by the region.

The countries of CAN also saw reinforced co-operation with the EU take place in the 1990s. The Framework Co-operation Agreement between the EU and CAN was concluded in 1993, but as it did not comprise a political dialogue sphere, a declaration was signed in Rome in 1996 with this purpose. Periodic meetings at ministerial and technical levels were established. In this same year CAN members adopted the Trujillo Protocol, reforming regional integration institutions and introducing the customs union. Following the example of Central America, in 2003 the Political Dialogue and Co-operation Agreement between the EU and CAN was signed, re-assembling the former treaties and enlarging co-operation areas. This agreement became, therefore, the central frame for both regions to deal with any subject of global politics (Molano Cruz 2009: 27). Anti-drug policies constitute a core issue in this inter-regional partnership. Nevertheless, trade rates between CAN and the EU have not stopped declining since the beginning of the 2000s, while trade between some Andean countries with the USA has significantly increased (Comunidad Andina 2005).

The political dialogue between the EU and Cuba started in 1995, but failed a year later due to the democratic clause the EU wanted to include in the co-operation agreement (Briceño Ruiz 2002: 298; Youngs 2002: 122). Even so, the country was, along with Haiti, the main destination of the EU’s humanitarian aid for the Caribbean region in the 1990s (Joly 2002: 307). This was also the decade of the WTO’s consolidation. To achieve its obligations regarding the WTO, the EU promoted sensitive changes in relations with ACP countries by signing the Cotonou Agreement in 2000. Financial aid continued, but some non-reciprocal preferences granted to middle-income countries were reviewed. The Agreement emphasizes inter-regional co-operation, with the possibility of the EU negotiating economic partnership agreements with the more developed regions within the ACP. It also includes a significant political dimension that goes beyond development issues and encourages the participation of private actors and civil society (Dearden 2002: 19). Some authors agree that Cotonou represents the triumph of neo-liberal values in the EU’s external relations (Hurt 2003: 164) and a shift in attention from less advanced markets to emerging ones (Taglioni 2002: 287). The Caribbean region, once part of European priorities, has gradually been replaced by other Latin American countries.

This process is quite well illustrated in the cases of Mexico and Chile. In 1991 the EU signed with Mexico a Framework Co-operation Agreement, which embraced trade and economic, technical and scientific exchanges. In 1997 these relations were qualitatively expanded with the Economic Partnership, Political Co-ordination and Co-operation Agreement, the first one of its kind to be signed with a Latin American country and the largest one ever accorded by the EU out of its region (European Parliament 2009: 6). The EU, seeking to counterbalance the effects of the North American Free Trade Agreement (NAFTA), found concrete expectations in Mexican authorities, desiring to diversify the country’s external links after the 1994 financial crisis (Sanahuja 2000b: 46). Similarly, the EU concluded with Chile two Framework Co-operation
Agreements, in 1991 and 1996, which prepared the field for the ambitious Association Agreement of 2002. This fits the Chilean strategy of implementing liberalizing economic reforms to look for an effective reinsertion within the international community after years of isolation during the military regime (Domínguez 2006: 6). The association agreements with Mexico and Chile are already part of the fourth-generation agreements, for they add a precise calendar for trade and investment liberalization to the former compromises. These countries’ economic policies favoured free trade agreements, while the Central American, Andean and Mercosur blocs were more reluctant to reach an agreement. Although the European Commission was willing to prioritize inter-regional relations, it became clear that negotiations with a sole state were simpler and faster.

In this context, the Union decided to adopt a common strategy for the whole subcontinent. Biennial summits between the EU and Latin America, including Caribbean countries plus Cuba, were launched in 1999 (see Table 24.1). In this way the Council became an active actor in a field that used to be the Commission’s responsibility and Latin America definitively became the concern of the EU’s CFSP pillar. Officially, the main objectives of strengthening the bi-regional political and policy dialogue are to promote regional integration and to establish association agreements with subregions in Latin America, to steer development co-operation towards the reduction of poverty and social inequality, and to improve education levels (European Commission 2009c: 2). However, this high-level dialogue may be understood as a means of stepping up relations with the subcontinent in order to counterbalance North American weight and unipolar tendencies in the post-Cold War world (Sanahuja 2000a: 4). In practice, besides affirming the EU’s global position, this ‘strategic partnership’ seeks to reinforce ongoing commercial negotiations with subregions or countries, as shown by the beginning of concrete trade discussions with Mercosur at the Rio summit of 1999.

Institutional mimesis of the EU: The case of Mercosur

Mercosur is commonly described as one of the regional organizations that most closely resembles the EU (Telò 2006: 131). Supporting this integration project in South America was a central feature of the inter-regional strategy carried out by the EU during the 1990s. In this case

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Source: updated by the author from Kourliandsky 2002: 49.
the EU’s motivations were both economical and political. First, Mercosur brought together the strongest Latin American economies in a project of economic integration. In its initial period, intra-Mercosur trade increased four times compared with 1991 (Hoffmann, Coutinho and Kfuri 2008: 106), while foreign direct investment to Mercosur increased three times from 1993 to 1996 (BID-INTAL 1997: 13). This trade potential and economic weight could not be neglected by the EU. Besides, this dynamic bloc was perceived as an opportunity for the EU to consolidate its presence in Latin America through the export of its own model of regionalism, which substantially differed from the North American bilateral approach. The EU, therefore, sought external legitimacy by diffusing its governance choices through its relations with Mercosur (Santander 2001).

Mercosur is a product of commercial negotiations carried out by Latin American Integration Association (LAIA) members. LAIA was created in 1980 to replace the LAFTA project, prompted by difficulties regarding the asymmetric levels of industrialization among states and the rise of nationalist and authoritarian forces in several Latin American countries. The general objective of this new association was also to promote trade liberalization, but through less ambitious and more flexible means (Medeiros 2000: 108). Its relatively complex institutional design and stable Secretariat contributed to increased connections among its members. The Asunción Treaty, constitutive of Mercosur, was signed in this context in March 1991. Links with Europe were developed at this early stage and a month later the ministers of foreign affairs of the Mercosur countries visited the European Commission to state their interest in closer relations with the EC. In 1992, during the Portuguese presidency, the first informal ministerial meeting took place between the Community and Mercosur. In the same year, the Inter-Institutional Agreement between the EC and Mercosur was signed, as well as more detailed bilateral co-operation agreements between the EC and the four members of Mercosur. Commercial co-operation was expanded to broad economic and political issues, which was made clear with the adoption of the Interregional Framework Co-operation Agreement between the EU and Mercosur in December 1995, during the Spanish presidency. This agreement covers three main areas: politics, co-operation and economics, including technical assistance and inter-institutional aid to foster integration in the new bloc and a formalized political dialogue between the parties. Negotiations concerning the creation of an inter-regional free trade area were launched in 1999, as part of the project for an association agreement.

According to Rüland (2002: 3), EU-Mercosur bilateral inter-regionalism can be defined as group-to-group dialogue with more or less regular meetings centring on the exchange of information and co-operation in specific policy fields. In this case, inter-regionalism has played two main roles: international balancing and internal institution-building. On the one hand, the EU sought to encourage Mercosur organization—indirectly—as a response to the European single market and global liberalization trends; on the other, the EU stimulated Mercosur institutionalization—directly—as a result of a close trade and co-operation relationship. In terms of external co-operation, the EU’s expenses with Latin America doubled from 1986 to 1993. From 1992 to 1993 financial support for Mercosur increased while the total of the EU’s aid to Latin America decreased (Cox and Chapman 1999: 5). Trade flows between the regions multiplied during the 1990s, with the EU achieving in 2004 the position of first Mercosur trade partner (Page 1999: 99; Vasconcelos 2007: 168). Initially, those responsible for the construction of Mercosur sought a soft and agile structure and expressly avoided a complex institutional design, opting for a model based more closely on the WTO than that of the EU (Ventura 2003: 104). However, the intensification of EU-Mercosur relations in the following years eventually resulted in a relatively successful mimetic process with regard to the main instruments of European integration (Medeiros 2000: 343–48). Additionally, the prolonged period during which both
regions were relatively disengaged from each other has stimulated a sort of idealization of the European example. Thus, a segment of the political elite within Mercosur, seeking to neutralize North American influence, has turned to Europe’s ‘humane governance model’ as an alternative to the US dominant paradigm (Grugel 2004).

During the 1990s the EU has promoted its own example through a combination of both passive and active behaviour towards Mercosur (Lenz 2008). In its first (passive) role, the EU fosters its ideal of integration simply by existing as a model. In the second (active) role, the EU acts to diffuse its model. Besides the attempt to reach a trade agreement and to institutionalize a political dialogue, the EU’s co-operation policies have decisively influenced the shaping of Mercosur institutions and mechanisms. The financial aid offered by the Commission allowed the better functioning of the Mercosur Administrative Secretariat and the installation of a Parliamentary Secretariat. Along with the European Parliament’s actions, this support has also played a particular role in the recent creation of the Mercosur Parliament. The technical assistance provided by the Delegation of the European Commission in Montevideo included, for instance, the implementation of projects regarding the customs code, agriculture policies, the harmonization of technical rules (Medeiros 2000: 347; Santander 2001: 58) and the implementation of structural funds. The Delegation has also organized several seminars and conferences, both in Mercosur and within EU member states, attended by staff and members from diplomatic services and parliaments, which have facilitated interaction between both regions. Through the transfer of knowledge and direct financial aid, the EU has tried to shape Mercosur according to its own programmes and values. In the inter-regional field the Union seemed to be capable of surpassing the usual gap between the first and second pillars in order to engage in relatively successful soft diplomacy (Petiteville 2005: 137).

Nonetheless, the European model has proved to be hardly exportable (Costa and Foret 2005: 502–3). In spite of the EU’s efforts, Mercosur and other regional organizations world-wide have not followed the same European evolutilonal path in terms of pooling of sovereignty and institutional achievements. On the contrary, regionalism in Latin America has often faced a spill-around movement that prevents it from deepening (Schmitter 1970). Mercosur, in particular, presents an inter-presidential character based on the more or less active role of presidents, who are themselves responsible, more than governments or regional institutions, for keeping integration from stalling (Malamud 2003: 64). Therefore, the dialogue with the EU has strengthened internal cohesion and co-ordination of regional integrations in Latin America to only a limited extent. The EU seems to have recently understood this lesson by adopting a more pragmatic perspective of its relationship with the subcontinent.

**Back to the future? A pragmatic approach**

The 2000s began with ongoing dialogue between the EU and three Latin American groups to conclude association agreements: CAN, SICA and Mercosur. This inter-regional dimension would not last, though. The fact that the deepest and most complete agreements between the EU and Latin America were concluded with countries, not with blocs, stimulated a diversified approach by the Union towards the subcontinent. From 2005 onwards these relations become more ‘realistic’ and state-centred, as shown by ‘special treatment’ reserved for the ‘major players’, Brazil and Mexico (European Commission 2005c: 7). The political content of the agreements thus became more flexible and the priority returned to trade in order to face the growing economic importance of the People’s Republic of China in the region.

Negotiations with CAN highlighted internal differences within the bloc: Colombia and Peru were willing to accept trade liberalization while Bolivia and Ecuador were more reticent with
regard to services, investment and intellectual property. The EU’s decision to maintain exclusive negotiations with the first two countries was a hard blow to a CAN already weakened by the retreat of Venezuela in 2006 as a response to the free trade agreements of Colombia and Peru with the USA. Discussions with SICA began after Central American countries signed, in their turn, a free trade agreement with the USA in 2005. However, negotiations were suspended in 2009 due to the Honduras coup d’état. In 2004 five years of negotiations with Mercosur were officially suspended because of difficulties in reaching a deal on agricultural and service sectors. Three years later the EU proposed the idea of a strategic partnership to Brazil (thereby spurning the other Mercosur members in spite of its pure political character). Also in 2008 the EU signed an Economic Partnership Agreement with some CARICOM members in the framework of the Cotonou Agreement.

Since the Rio summit in 1999, difficulties in negotiations between the EU and Latin American organizations have become explicit. Although the strategic partnership helped to reinitiate some discussions, the economic content of the negotiations remained limited to decisions taken in the multilateral trade system, thereby exposing the limits of regionalism in this area (Sanahuja 2000a: 19). Three subsequent political events contributed to the involution of this process. First, with the attacks of 11 September 2001 the USA and the EU shifted attention to Asia, leaving Latin American issues on stand-by. As the main motivation for the strategic partnership between the EU and Latin America was to counter US influence in the region, the effect of the post-September 2001 shift in security focus resulted in a decline in this prior motivation. Besides, security matters became North America and Europe’s central target, while Latin America remained concerned with economic growth, trade and development (Santander 2009b: 267). The second element was the election of centre and left-wing presidents in South America from 2002 onwards. Divergence of interest with the majority of right-wing governments in Europe became more apparent. Third, in 2004 the EU’s enlargement made the possibility for agreement between the EU and Latin America on trade even more distant. The extension of agricultural subsidies to new members reinforced internal opposition to free trade agreements with other regions. Enlargement also accentuated the EU’s external strategy towards the East (Santander 2008: 269). This conjuncture led to the official suspension of negotiations of the association agreement (EU-Mercosur) in 2004. In 2005 the Mercosur presidents decided to interrupt also the dialogue concerning the FTAA.

Simultaneously, regionalism is going through deep changes on both continents. In Latin America new and sometimes overlapping projects are rising, such as the Bolivarian Alliance for the Americas (ALBA) and the Community of South American Nations, transformed in 2008 into the Union of South American Nations (Unasur). This highlights the lack of effectiveness of such initiatives and the ongoing resort to overambitious institutional arrangements (Dabène 2009: 220). In Europe leaders have been proclaiming a pragmatic reorientation of inter-regional negotiations, representing a move towards bilateralism. This corresponds with a certain decline of the communitarian method, which is reflected in a weakening of the power of initiation of the Commission and an increasing weight of intergovernmental orientations (Croisat 2010: 134).

This scenario has, therefore, resulted in the downgrading of the inter-regional approach and a rapprochement of EU and US strategies for Latin America, both of which are focused on bilateral commercial arrangements. Here Brazil has played a central role, since its renewed foreign policy aims to consolidate the country as the ‘natural interlocutor’ of Latin America in international forums. Actually, Brazil has always been reluctant about committing to regional projects, relegating Mercosur to second place whenever its national interests were at stake (Mattli 1999: 160). Even if the partnership concluded with the EU does not include trade and
therefore does not represent a direct threat to EU-Mercosur relations, Brazil’s special status attests to the insufficiency of bloc-to-bloc dialogue (Santander 2007: 65). However, the failure of the WTO Doha Round in 2007 indicates that multilateralism presents as many limits as any other international ambit (Telò 2007a: 8). After the erosion of the multilateral trade system and the financial crisis of 2009, regionalism is back on the agenda, as shown by the strong diplomatic efforts made in order to restart EU-Mercosur negotiations and to conclude the EU-SICA association agreement at the Madrid summit of 2010. This rising ‘new inter-regionalism’ towards Latin America indicates that the region continues to be a peripheral, but necessary element of EU governance in a competitive world.

**Conclusion**

This chapter intended to analyse the three-staged and complex relationship between the EU and Latin America, both of which have only recently started to restore links. Not surprisingly, this has happened through the regionalism tool, just as the European nation-state model was once exported to Latin America. However, as in the colonial period, every transfer of political engineering is reinterpreted and rebuilt by the importers. As Latin American regional integration is not likely to follow the European model, new mechanisms of dialogue are being constructed. The question is to what extent this process will strengthen the EU’s role in global governance. In this respect, two scenarios can be foreseen. The first scenario implies a step back towards pure economic relations focused on the biggest markets. This reproduction of the North American strategy could result in a rapprochement with the USA that prevents the EU from achieving an autonomous status as a global player. The second scenario considers the innovative political moment experienced by Latin America. The Union would recognize the potential of this developing region to collectively contribute to the configuration of a more symmetric and plural international system. In this tumultuous period the first scenario seems more realistic. It promises protection and stability after the wave of fear propagated in 2001, and safeguards important economic interests. However, concentration of power might also exacerbate the world’s development disparities and enhance ongoing conflicts. A pragmatic but reciprocal relationship with Latin America, without double standards or self-interested trade exceptions, could, therefore, help the EU engender the second, more desirable, scenario.

**Notes**

1 I am very grateful to Olivier Costa, Olivier Dabène, Sebastian Santander and Mónica Velasco for their helpful support and insightful comments on this chapter.