



The European Union and Latin America: the common agenda after the Lima Summit

José Antonio Sanahuja

Changes in EU-Latin American relations

Every two years, the Heads of State and Government of the European Union (EU) and Latin America and the Caribbean summon for a Summit to assess the relations between the two regions. The Fifth Summit, held in Lima (Peru) in May 2008, revealed in an apparent paradox, both the dynamism of the biregional relations, as well as the decreasing interest that the Summits elicit on both parties; all the while exposing the mounting tensions within the interregional relation and the trend toward bilateralism.

A “network” of Partnership Agreements —free trade zones included—, are being promoted. It’s supposed that in a relatively short time, such “network” could cover all of Latin America and the Caribbean. However, the economic rise of Asia means greater foreign policy options to both regions; and consequently, mutual interest in the Summits seems to be diminishing. Moreover, both regions are going through political changes, Latin America is leaning to the left, while the EU is shifting to the

right. These political changes include the redefinition, or, in certain cases, a lack of definition, of the regional integration projects in both sides, and a review of their positions in an international system characterized by profound changes in the distribution of power.

The EU has been going through a long period of self-absorption due —in part— to the political and institutional crisis stemming from its failed constitutional project and then, to the subsequent mishap of its successor project, the Lisbon Treaty, whose future is still in doubt after the Irish setback in June 2008. Concurrently, the EU has been pushing its growth, competitiveness and employment agenda foreseen by the Lisbon Strategy, and has been debating over how to deal with the globalisation process, and its consequences, such as immigration and the increasing social diversity it represents, which have led to right-wing generated political tensions, and to the rise of new priorities within the EU’s foreign and security policy focus in the Union’s neighbouring countries.

In Latin America —currently an eminently democratic region—, the popular vote has given way to a left-oriented

political cycle that springs from the region’s rejection of neoliberal reforms, and the search for effective development strategies to tackle poverty and inequality. The region is also engaged in the redefinition of its integration schemes and agendas, as it seeks to respond to the exhaustion of the “open regionalism” model. For some countries, the rise of Asia reduces the appeal of regional integration, especially if such integration lacks the necessary flexibility to deepen relations with the Asia-Pacific area or with the EU. The Mercosur crisis, and, to a lesser extent, the Andean Community’s crisis, mirror these trends.

Despite such trends, new “post-liberal” integration agendas are emerging. Such agendas weigh greater emphasis on political, security and defence issues, on energy cooperation and infrastructure policies, on the region’s asymmetries, and, in general, on non-commercial matters. This is the case of the Bolivian Alternative for the Americas (ALBA) and of the Union of South American Nations (Unasur).

In this context, it is worth to question whether the interregional relation holds any sense. During the eighties, such relationship was propelled by the imperatives of democracy and peace in an effort to open greater manoeuvring space on the Cold War stage. However, since the nineties, both the EU and Latin America have turned to regionalism and to interregional relations, as the best strategies to manage the

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“EU-Latin American dialogue on migration should foster a biregional consensus founded in the respect of labour and citizenship rights, and on the proper management of labour markets”



José Antonio Sanahuja (Ph.D) is Professor of International Relations and Head of the Development and Co-operation Department at the Complutense Institute of International Studies (ICEI)
sanahuja@cps.ucm.es

Instituto Complutense de Estudios Internacionales
Campus de Somosaguas. Finca Mas Ferré, Edif..A.
28223 Madrid
www.ucm.es/info/icei/

interdependencies stemming from globalization (e.i. environmental risks, energy and food security issues, immigration and global financial governance, among others). Additionally, regional approaches have also focused on the improvement of the provision of global and regional public goods, as well as on the promotion of enhanced global governance through effective multilateralism.

Though this rationale remains valid, and despite the fact that the UE has followed an “interregionalist” model focused on supporting regional integration initiatives, the aforementioned political changes have led to the “bilateralisation” of the EU’s engagement with the region. The UE, for example, has offered both Mexico and Brazil a “Strategic Partnership”; and, to circumvent the Andean Community’s crisis, it opted for bilateral commercial agreements with Peru and Colombia. Such bilateral bets are risky moves that may undermine the EU’s interregional strategy and its traditional support to Latin American integration

Reinforcing political dialogue

In this context, political dialogue is indispensable. A revision of the dialogue’s purpose, agenda and format seems necessary. There is an increasing need for a better understanding of each other. There are notable shortcomings in the interpretation of the realities of both regions, which frequently lead to inadequate labels — such as Latin American “populism”, or European “neocolonialism” — which do not help to understand each region’s dynamics. These stereotypes contribute to a social construction of the “other” based (to a large extent) on stereotypes. An update on the debate concerning both regions’ shared values and aimed at promoting common agendas

and consensus is also needed. EU-Latin American and Caribbean relations have been justified by both regions’ shared interests and by the need to contribute to the establishment of multilateral principles, rules and institutions. Such normative dimension of the dialogue seems to be in tune with the current trends in international politics, and stems from the EU’s peculiar “civilian power” nature and from Latin America’s contributions to international law and multilateral governance.

Such arrangements demand a more substantial agenda focused on the management of common interdependencies and on issues that require greater and better international regulation, such as immigration, environment, peace and security. In this sense, the proposals put forward by the Euro-Latin American Parliamentary Assembly for the “Euro-Latin American Charter for Peace and Security” and the creation of a biregional conflict prevention observatory offer interesting opportunities. Dialogue with Unasur, national parliaments and civil society may prove to be very relevant for both initiatives.

The possibilities and the relevance of the dialogue will depend on the format and on the institutions behind the Summits. More specific agendas are needed, as well as the rationalization of meetings such as the EU-Rio Group Dialogue, or the San Jose Dialogue process between the EU and Central America.

Henceforth, the creation of an EU-Latin American and Caribbean Foundation, agreed at the Lima Summit, could be particularly opportune. It would be an independent, permanent and flexible body that would serve to prepare and to follow up the Summit’s mandates. Where appropriate, such body could execute the Summit’s resolutions and those of other dialogue mechanisms; additionally, it could open dialogue with other actors, as well as promote, analyse and study the relations between the two regions.

A more open and transparent process is also necessary, and therefore, should be better linked to social forums so that greater participation and ownership of the agendas is ensured among the relevant actors. Social participation is crucial. Almost three decades ago, the links between both regions’ political parties and social actors served as the birthplace, of the EU- Latin American and Caribbean relations. The weakening of the political parties in both regions and the emergence of new political actors has weakened those links. A more open political dialogue would contribute to its reestablishment. The Euro-Latin American Parliamentary Assembly (Eurolat), set up after the Vienna Summit (2006), is particularly important here.

A permanent agenda for social cohesion

The formulation of development agendas for social inclusion is one of the keys to the current political cycle in Latin America, which seeks to tackle the region’s historical exclusion dynamics that are increasing under globalization’s competitive pressures. In response to those pressures, the EU is also seeking to adapt its own social cohesion model to address the new challenges posed by its enlargement process and by immigration.

To achieve all this, it is important to set a permanent agenda on social cohesion, which goes beyond that of the Summits. Rather than just limiting the agenda to reducing extreme poverty, as underlined by the Millennium Development Goals, the agenda should place greater emphasis on reducing inequality, not just socioeconomic, but also ethnic, gender and age related inequalities. Therefore, in the efforts to enhance biregional dialogue and cooperation on social cohesion, it would be

important to broaden the participation of non-governmental actors within the framework of the second phase of the EUROsocial programme.

The core of a development agenda for middle-income countries requires a comprehensive approach that addresses both macroeconomic and growth policies, as well as redistribution policies, particularly tax reforms. These reforms should serve to ensure the sustainability of public investment in the productive sector as well as the sustainability of the social policies beyond cyclical export bonanzas. This needs to be achieved within the framework of a (re) building of the relation between civic rights and duties. Moreover, such relation should be based on a concept of citizenship, which implies quality of employment oriented policies and policies that guarantee universal access to a decent income and that include the provision of public health and education services through effective public action.

This issue is already important within the greater interregional dialogue, nonetheless, it is necessary to go beyond generic statements and commitments, and follow-up its advances through specific benchmarks agreed upon by each region, i.e., the Lisbon Strategy in the EU; and ECLAC’s social cohesion indicators for Latin America and the Caribbean.

A more coherent approach on this issue will have to address the complex relationship between economic, social and territorial cohesion, and the Partnership Agreements, given that these involve a process of deep economic liberalization that may not contribute to the two region’s objectives on social cohesion. The current Partnership Agreement negotiations with Central America and with the Andean countries, as well as those entered into with

Mercosur, involve adequately addressing asymmetries through instruments such as the evaluation of sustainability; the assurance of the special and differential treatment principle in favour of the lesser developed countries; the establishment, when necessary, of exceptions and transitory periods in specific sectors; and, a different approach to development aid, so that it may help support policies aimed at boosting a productive transformation and ease the costs of the adjustment. Henceforth, the European Parliament's proposal to establish a Biregional Solidarity Fund supported by the Commission and other bilateral and multilateral donors remains interesting.

Within the framework of the new "post-liberal" integration agendas of Latin America, new regional instruments are being created, such as the Mercosur Structural Convergence Fund (FOCEM), which is already operating, and, the Cohesion Fund foreseen by the Customs Union Agreement signed by the Central American countries in December 2007. These instruments open opportunities for EU triangular cooperation. The EU would make a significant political move if it backed these instruments with financial support; contingent, of course, on their consolidation, and, on Latin America's and the Caribbean's commitment to those funds.

In view of the growing immigration flows from Latin America, it is necessary to recognize the fact that immigration is a central problem for social cohesion. Immigration is the expression of the globalization of labour markets, and like other aspects of globalization, requires adequate regulation which cannot only (or mainly) be based on national immigration policies.

The main question is how to dovetail Latin American's requests for a special treatment of its *émigrés* with the implementation of a European immigration and asylum policy in line with The Hague Programme passed by the Council in November 2004,

that harbours the Return Directive passed in 2008 by EU and despised by the Latin American countries. This dilemma rests on the newly opened Euro-Latin American dialogue on migrations that aspires to reach a consensus based on the respect of labour and citizenship rights, and on the proper management of labour markets, avoiding the pitfalls of security-dominated views.

Such arrangements would require an even more flexible worker mobility system, that allows temporary migration and the right to family reunification; the recognition—with the correspondent guarantees—of academic degrees and qualifications; the mutual recognition and accumulation of social security contributions; support to remittances (given their social impact); adequate immigrant savings and investment incentives; and, enhanced coherence between rights-based immigration policies and domestic policies, particularly with regard to the issuance of visas. The EUROsociAL programme, now in its second phase (EUROsociAL II) and the European Parliament's call for the creation of a biregional observatory on immigration, may contribute to these goals.

The Partnership Agreements network and regional integration

The Commission's December 2005 Communication, *A Stronger Partnership between the European Union and Latin America*, and the Lima Declaration of 2008 reiterate the goal of creating a network of Partnership Agreements between the EU and all the countries and integration groups in Latin America. Such strategy was based on the "integration map" of the early nineties, therefore planning bilateral agreements with

countries that were not part of any Latin American integration process (Mexico and Chile), and the launching of interregional negotiations with Mercosur, the Andean Community of Nations (CAN), and the member countries of the Central American Integration System.

These negotiations are at different phases. The difficulties posed by the free trade chapter serve to recall the stark political underpinnings of these agreements. It is important that these difficulties—particularly, related to the Andean countries—, do not lead to the false dilemma of "all or nothing", where "all" means the conventional format of the "WTO-plus" trade agreement, and "nothing" the abandonment of the interregional focus.

This trend would lead to the signing of bilateral agreements with those countries willing to accept such format (e.i. Colombia and Peru), since other countries like Ecuador and Bolivia reject the investment and intellectual property rights chapter. The apparent "bilateral route" taken in response to the lack of agreement within the Andean Community, and the European Commission's November 2008 decision to promote bilateral agreements—which entails modifying the original negotiation mandate approved by the Council—would impose a heavy toll on the EU's credibility and on its integration support policy. Besides, it may prove to be yet another source of friction among the Andean countries.

In a broader sense, it would also damage the current convergence process between CAN and Mercosur, which constitutes one of Unasur's fundamental pillars. A more flexible format in the structure of the agreement could make the varying liberalization rates more compatible, and therefore it could avoid the "all or nothing" dilemma. In this sense, it is important to meet the commitments made at the Lima Summit Declaration,

asking to pay "particular attention to the specific development needs of the member countries of the Andean Community, taking into account the asymmetries among (and within) the regions, and the need for flexibility—as may be required—, on behalf of the EU".

As for the EU-Mercosur negotiations, both the EU and Brazil gave priority to the completion of the Doha "Round" of the World Trade Organisation (WTO). The failure of that Round—at least for the time being—, should allow advances in the EU-Mercosur negotiation. For such purpose, an adequate combination of flexibility and mutual demands also seem necessary, as well as the search for more creative formulas which distance themselves from the conventional "WTO-plus" free trade agreement format, addressing the asymmetries between the regions, and maintaining a coherent stance on the relation between economic liberalization, social cohesion and the fight against poverty.

In this context, it is worth mentioning that the progress made in the negotiations between Central America and the EU has positively contributed to further the integration process in that region.

Finally, these agreements require an effort to adapt the EU's aid programmes for the 2007-2013 period, so that they will support policies aimed at transforming the production structure, improve competitiveness—particularly that of the small to medium sized companies (SMEs)—, facilitate trade and physically connect markets, trade capabilities, educational, scientific and technological cooperation and the adoption of common policies—including, as mentioned before, regional funds such as FOCEM—within the framework of regional integration processes.

Energy and the environment: a common biregional agenda for sustainable development?

With the opening of a sector-specific ministerial dialogue, and the commitments made in Lima, the environment and energy have become the new axis for dialogue and cooperation between the two regions. This dialogue has a multilateral dimension aimed to encourage the countries that emit the largest amounts of greenhouse gases to join the Kyoto process and its successor agreement, and to coordinate positions in the talks on global warming. It should also contribute to the management of agreements and initiatives to improve international environmental governance, particularly parting from the United Nations, integrating structures and organizations that are currently dispersed and that do not have the sufficient resources and powers to ensure effective multilateralism in this field.

Transforming energy policy into an integration axis is another component of this agenda. There is great potential, given the high degree of complementarity between countries and regions that are mainly producers or consumers of energy; between supply and demand cycles; and, between countries with different technological capacities. However, the fragmentation of the markets and of the regulatory

frameworks, combined with the primacy of national policies in a context that lacks a regional vision, has limited its potential. The biregional dialogue —complemented with the EU's cooperation—, could promote the physical interconnection of the region's infrastructure, create common energy markets, and help advance the adoption of an energy security strategy for the region.

There are also possibilities for cooperation in the renewable sources sector (technology transfer, the design of legal frameworks and incentive systems, and, investment financing). Such measures could help diversify the energy model in both regions, reduce emissions, and improve energy security. Countries from the region, like Brazil, have considerable capabilities to produce biofuels at lower costs and emission levels than their European equivalent. The EU, for its part, has a significant technological background in the wind and solar energy sector, and could finance the transferral of technologies through carbon funds, Kyoto Protocol mechanisms, funds from the 7th R&D Framework-Programme, loans from the European Investment Bank, and, if created, both regions could further benefit from the resources gained from a global emission rights market in which design both parties must be involved. In any case, given the impact of biofuels on the environment, farming, food prices, poverty and malnutrition, it is necessary to tackle this issue from different angles that are sensitive to economic efficiency and to the environmental and social costs.

Finally, it is necessary to incorporate adaptation strategies to global warming within the EU- Latin American cooperation framework. At the regional level, the "Euroclima" initiative, launched at the Lima Summit and still without a specific structure, could be a useful framework if it is endowed with the proper design and the necessary resources.

Final remarks

With more than three decades of history, the relations between the two regions express the strategic options of the EU and Latin America that transcend the concrete results of each Summit. To a great extent those options continue to be relevant. The Summits should be seen as an opportunity to give such strategies greater visibility and political momentum. There is a broader agenda focused on multilateralism, Partnership Agreements, social cohesion, peace and security, and increasingly relevant issues, such as immigration and climate change. However, the current dialogue should adapt its format and content to better address the ongoing changes within the international system as well as to those occurring in both regions. These changes are leading to readjustments in the interregional relations, and to the emergence of a bilateral trend whose costs and benefits should be carefully weighed and considered before the credibility of Latin America's regional integration process and the EU's policy in the region.

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