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Relations between the European Union and Mercosur:

The EU's interregional strategy and its attempts to export
its regional project

- Does the export of its regional project contribute to the rise of
the EU as an international actor?

Introduction

The experience of regional integration in Europe has always been an indisputable reference as a successful example for any integrational project in another part of the world. There is no doubt that having obtained this recognition, earned her a starring role at international level.

After several decades of integration, the new structure of the international arena, which is the post-cold war, brought with it new dynamics, such as regional integrations for other parts of the world. The study focuses on the desire of the European Union to be seen worldwide as a political union with one voice, in order to achieve its position as an international actor of important weight in the system. The last decade of the century saw a deepening of the EU's integration and a greater influence on the international scene, as well as their support to the development of new regional integrations. This paper shows how was implemented the European Union method of regional governance through the Mercosur process. Through the discourse analysis we will be able to perceive the seek of the European Union to export its regional project and the development of its interregional strategy. The objective with this kind of strategy is to reach new horizons and their markets for European businesses and to strengthen its legitimacy in the world. Therefore, the EU tries to attract regional blocs and offer them support based on their personal experience in integration. From the EU's point of view, this will position them as an example to follow par excellence for any regional integration process.

Mercosur will then become an attractive point for many countries and regions. By the 90s, will be the preferred partner of the EU in Latin America (Santander: 2011). Then, we can perceive a sighting that the Union will achieve its objective but not without some difficulties on the one hand, and some consequences on the other. So, at first, we will look at the context in which the EU strategy to Mercosur emerges, then we will examine how would the strategy benefit the two blocs, and finally the impact and results of its implementation.

1. How and in what context did this EU strategy emerge?

The economic integration between countries is a phenomenon that has grown a lot in the recent decades. Since the beginning, the experience of regional integration in Europe has been a reference for any integrational project in the world. The strong and sustained political commitment, the construction of a system with supranational institutions and the common policies and actions

constituted three essential components of this model, which formed a "virtuous triangle" with the capacity to have a positive impact on the economic development of the countries and the welfare of the population (Rueda-Junquera: 2009). This turns out to be very attractive in the eyes of the so-called "third world countries", especially in the countries that make up the South American territory, as they were beginning to emerge and they were looking for a greater participation in the international arena.

At the end of the cold war, in a world increasingly interdependent in economic terms and with the US domination as the centre, the European Union manages to emerge and position itself as an alternative centre of power as Japan. This will increase the competition between these different poles and will weaken the US economic position which showed at that time a significant slowdown (Cusminsky: 1992). In reaction, in particular, to this "Americanization of the world" and to strengthen its presence on the international scene, the European Union, in turn, will try to engage not only in fortifying its internal structures but also in supporting new and existing regional integration booming (Santander: 2001). In these terms, it could be said that this action is supposed to be a win-win relationship between both parties and, as it was mentioned before, they were looking for more preponderance in the system.

According to Álvarez¹, the democratic transition, the Central American crisis and the external debt crisis, on the Latin American side, and the incorporation of Spain and Portugal to the European Communities (EC), on the European side, played in favour of a renewal of interregional relations and a rise of AL in the community's external agenda. These two countries encouraged to create a greater commitment towards Latin America since the relations they have with them are very important, especially for their economies. The relations between the EU and the LA countries assumed a new meaning and dimension from the 1990s. With the return of democracy to the region, peace negotiations in Central America and the demise of the Cold War, political motivations and security remained in the background. The renewal of European economic interest in LA became evident, led by increased exports and European investment in the region, deregulation and

¹ ÁLVAREZ, María Victoria (2010) "Las relaciones de la Unión Europea y América Latina a la luz del Tratado de Lisboa: algunos escenarios futuros posibles", http://www.publicacionescerir.com/pdf/Revistas_MICI/Revista3.pdf in Revista Integración y Cooperación Internacional n° 3, Rosario, Argentina, ISSN 1852-9798.

privatization policies followed under the "Washington Consensus", and the appeal of "expanded markets" offered by new regional integration schemes.

The desire to strengthen its role as a global actor tended to become one of the main objectives of the EC's external relations. Brussels could not remain away from a region such as LA, whose economic and political importance had increased (Rapoport y Musacchio: 1993). With the strengthening of the external action capacity achieved in the Maastricht Treaty, the EU launched in 1994 a new strategy for relations with Latin America (European Union Council: 1994 and European Commission: 1995). We are talking about an interregionalism strategy that aimed to establish a preferential relationship between both blocs, which would raise their positions in the system. A relation based on common principles such as democracy, human rights, multilateralism, regionalism; and three pillars: political dialogue, cooperation and mutual trade liberalization.

The world's leading economic power centres took notice when the region became politically stable and began adopting competitive and outward-looking economic policies (Santander: 2005). The Community has an opportunity to build up its profile as a benevolent international actor focused on the legality of international law, the use of diplomacy, negotiation and cooperation, distinct from national approaches founded on unilateral action by nation-states and the use of force (Santander and Ponjaert: 2009). For them, this means to model a multi-regional international order in accordance with the rules of the World Trade Organization. They insisted on the desire for a "multipolar world" based on new great powers and regional groups, allowing a new global balance and giving the Union the possibility to influence international standards and rules to leave a mark in global governance. (Santander and Telò: 2000). In this way, the EU Interregional Strategy between the two regions arises in its approach.

2. How this strategy will benefit both blocs?

Regional institutions are increasingly related to international economic structures, resulting in the construction of a world-design that has different levels (state, regional, world) and areas (geopolitical, geoeconomic, commercial, technological, sectorial) in multilateral organizations (Higgot: 1997). In order to develop political cooperation in these areas, the EU is based on

multilateralism, lack of hegemonic will and rejection of all kinds of exclusion² that pose a priority axis of articulation compared to other regions of the world.

European foreign policies that were defined in the nineties were due to changes in the international system. This is so, not only with the enlargement to the countries of Central and Eastern Europe, but also with other regions where it is positioning itself as a specific regional model with a proposal defined in the axis of sui-generis articulation between the institutional-regional level and the state level, and on the other hand, in the participation of civil society. Cooperation in this regard has been a formula for exporting the model in at least three areas: the one concerning institutional cooperation and the strengthening of integration on the one hand, the one that refers to the different areas of sectorial economic cooperation that start from the reciprocity of interests, and finally through programs that result in the formation of interregional networks. (Bizzozero: 2004).

EU's support for regional integration has encouraged the creation of regional free trade areas, custom unions and common markets. It also has promoted common policies and institutions as well as the creation of supranational frameworks. This strategy has proved to be important for the development of integration within Latin America regionalism, particularly during periods of uncertainty (Santander: 2010). Due to the similarities that this region has with respect to European culture because of the immigration wave that arrived many years ago, this countries were, in the eyes of the Union, a favourable field also for the dissemination of European political and economic values. They supported the creation of common regional institutions such as a regional court of justice, regional parliaments and supranational institutions.

The possible concretion of the Association Agreement would result in an interregional logic of exchange and draft proposals in multilateral areas, a phenomenon that is also novel in what concerns the preparation of a new architecture in the XXI century³. From the European perspective, the pertinence of the issue arises from the evaluation of results in the internal societal order of the

² These principles are contained in Commissioner Marin's communication (1999) to the European Commission, Nouveau Partenariat Union Européenne/Amérique Latine pour le XXIème siècle COM (1999) 105/6.

³ See more about this concept in Paul Magonette - Eric Remacle (2000) *Le nouveau modèle européen* (Brussels, Études Européennes) and Mario Telò (1998) "L'Union Européenne dans le monde de l'après guerre froide" in Mario Telò - Paul Magonette (dir) *De Maastricht à Amsterdam. L'Europe et son nouveau traité* (Brussels, Ed. Complexe).

capacity to export the regional integration and governance model, which constitutes a challenge to its projection as an actor of first order in the world. For the European Parliament, this approach is a mean to preserve the commercial role of the EU and prevent the entire Southern Cone of Latin America from falling into the hands of the US (Santander: 2001). From Mercosur's perspective, the negotiations evaluate the capacities of the bloc in times of various stakeouts on its objectives and times, as well as the specific proposals, priorities, disjunctives and feasible paths in the different negotiating fronts⁴. The differences in the positions have been reflected on several occasions, making it difficult to consider a closer on specific issues that make the construction of a governance of the international system at the political, commercial, productive and financial levels (Bizzozero: 2004). Despite their differences, this scheme that ended up being considered a North-South cooperation, had very clear benefits for each region. Both parties were willing to take the risks that were necessary to benefit as best as possible from this strategy. Mercosur member states achieved a great advance in their growth abroad and the European Union achieved the visibility they expected.

3. What impact and results did the application of the strategy have?

There are several elements that helped to institutionalize relations between the EU and the whole Latin America continent: the spread of economic and political liberalism, the re-launch of regional integration projects in Latin America and the EU's ambitions to play a stronger role on the international stage. Regionalism has been fundamental for an understanding of EU-Latin American relations: technical, financial and institutional support for regional integration in Latin America has become a pillar of EU policy in the continent and they considered it as a mean to export its regional governance model and to increase its reputation and legitimacy as an international actor. The interregional agreements negotiations have been an incentive for some Latin America regional groups to coordinate their positions and act together in external trade negotiations (Santander: 2010). So the countries gave a very good reception to this proposal. It was evident that they would obtain many benefits by relating themselves to an economic power as important as the EU is.

⁴ To see more about the perspectives of the different negotiating fronts and the possibility of an Atlantic triangle: Riordan Roett (1999) "MERCOSUR: Integración regional y mercados mundiales", Buenos Aires, Nuevohacer - Grupo Editor Latinoamericano.

Profound asymmetries in size and economic characteristics among Mercosur members might translate into differences in capacity. The European Union has favoured the strengthening of Mercosur and supported its initiatives, notably through the Interinstitutional Agreement to provide technical and institutional support for its newly created structures (European External Action Service: 2013). However, it is known that the integration processes in Latin America have characteristics that make them unique, and that it is not convenient to apply the "community model" in a dogmatic way without knowing their particularities and limitations. European theories of regional integration show certain limits in its application to the Latin American context because of the different social, cultural, political, and historical contexts in which this process took place (Álvarez: 2013). It is paramount to adapt the model to the particularities of the territory in which we want to export the project. Otherwise, the strategy would not give us the results we possibly expected.

Neofunctionalism is based on the idea that regional integration develops from concrete projects. It is about advancing on issues of less visibility and less controversial, just as "small steps" inspired by the functionalist idea of gradual and accumulative integration of specific sectors of economic activity. Unlike this "small steps" method, the Latin American integration processes imposed themselves ambitious economic-commercial goals since its inception, although most of them barely achieve the objective of forming a free trade zone (Álvarez: 2013). Authors such as Bouzas, da Motta Veiga and Ríos openly confirm the existence of a deep crisis of the customs unions in the sub region, although they have made progress in the establishment of free trade areas.

The approach of Mercosur with one of the great commercial powers of the world will give them an international recognition of great importance; this will strengthen the motivation of other Latin American countries to build relationships with the South American bloc (Santander: 2011). In Mercosur, the European Union is the main investor because of the weight of its investments in the two largest economies in the region, Brazil and Argentina (CEPAL, 2008). This was a great boost for the South American region since it opened many doors to the eyes of the rest of the world.

Gradually, Mercosur will emerge as a regional political, economic and institutional group, both in the system of multilateral trade negotiations and in the Americas and the relations between Europe and the Latin American subcontinent (Santander: 2011).

Conclusion

The European integration was for decades an object of admiration and fascination in various parts of the world. Latin America was one of the regions that most enthusiastically embraced this model.

The EU uses interregionalism as an instrument of foreign policy over the past 20 years to build its international identity and increase its visibility, legitimacy and capacity to project itself as an international actor (Santander: 2010). The Union, which had long seen Mercosur as a mirror image of its own experience, hoped that a strengthening of South American regional cohesion would enable her to consolidate its economic interest in the region, to further export its model of integration and therefore to strengthen its identity and image as an international actor (Santander: 2016). We must also take into account that the conditions and the changes abroad allowed her to mold the strategy in the most convenient way to achieve her objective.

In the 1990s, the Union automatically promoted the European model to the rest of the world. This model was presented as a project unconnected with hegemonic ambitions and with a specificity lay in the shared values of liberty, democracy, respect for human rights, tolerance, gender equality, solidarity and non-discrimination, and in the fact that European nations had created a collective environment of peace, stability and prosperity thanks to a unique and innovative structures that transcend traditional international cooperation (European Union Council: 2003).

Despite the European attempt in this region, the limits of regionalism in Latin America are clear: economic integration seems to work until the stadium of free trade zone, erecting all sorts of obstacles on the way to later stages. The Mercosur group failed to assemble a negotiating machinery able to identify common interests, overcome differences and negotiate effectively⁵.

At the end, the EU was quite disappointed with Mercosur integration process because they failed to set up a collective bargaining body, they have to finalise the Free Trade Zone and the Customs Union, and it had not adopted a common legislation in the fields that are the subject of negotiations with the EU such as services, investments, government procurement, etc. But, the EU has not abandoned the idea of an interregional Association agreement, the negotiations are still

⁵ These weaknesses were clearly seen when Mercosur put together its offer of market access for merchandise trade: instead of being the result of a coherent negotiation strategy, the proposal was the common denominator of divergent national positions.

underway (Santander: 2016). However, although Mercosur does not occupy an important place in the hierarchy of European priorities, it is part of the international strategic puzzle of them. Therefore, in the absence of rapid progress in the establishment of the Free Trade Area, the Union continues, in accordance with the Interregional Framework Agreement of 1995, to develop a political dialogue with Mercosur and provides support for its integration process (Santander: 2001). The European Union seems not to give up on these issues and will do whatever it takes to reach an agreement with the region.

All this allows us to confirm the idea that the EU has achieved a unique integration in terms of its depth and has managed to promote the establishment of a multi-regional world by supporting each group that needs its help. Nevertheless, we must take into account that the processes that arose in each continent occurred in different ways and also with different results. This is because, as we mentioned before, not all places have the same historical and political characteristics, and it is fundamental to adapt the model to each place.

So, in spite of the realists' scepticism about the Union's capacity to play an effective international role, the EU has succeeded in turning itself into an international actor. It has developed external relations that enable her to promote its interests, policies and internal values, while having recourse to cooperative means rather than military might (Santander: 2005). It is clear then that the Union has achieved its goal of positioning itself as an important international player and as a model to follow for its admirable integration process, but currently encounters other types of challenges to face.

Nowadays, what Europe is looking for is to strengthen its global competitiveness vis-à-vis the other developed blocks, particularly the United States, but also China and India, which are having a greater role in the global economy (Arroyo Picard, Rodriguez and Castañeda Bustamante: 2009). Furthermore, the turn in American politics after the triumph of Donald Trump, and the "anti-system wave" that conspires against the EU's integrative process are putting the central postulates of globalization in crisis. The abandonment of the USA of the Trans Pacific Treaty, the exit of the United Kingdom from the EU, the advance of the project "Europe at two speeds" and the growth of anti-immigrant political expressions and opposed to integration, reflects this crisis. (El Cronista: 2017). There are many changes in the world today, and we can only wait to see what reaction it causes to each of the parties, in order to see the measures that each one applies.

Besides this, regarding Mercosur, negotiations are still on-going. They were resumed more specifically after the meeting this November in Brasilia between the Mercosur foreign ministers and the Vice-president of the European Commission, Katainen, who was given a proposal to reach an agreement between both blocks, and where both sides agreed to boost the final stretch to reach a trade agreement (Ministry of Foreign Affairs and Worship of the Republic of Argentina: 2017). From the European side, Katainen said: "While some people want to build walls, we want to build bridges. The proposed partnership agreement and the prospects for trade negotiations are very important because they reaffirm our stance against protectionism. A fair trade based on rules that we know that bring benefits to all". From the Mercosur side, if they succeed in signing this agreement, they will gain greater confidence for investors and a signal to companies that they should prepare to have more trade. The South American bloc is in negotiations with several blocks and countries, but they assure that the negotiations with the EU are the parameter for all the others. Its objective is to reaffirm the importance of multilateralism, fair and balanced trade, and exchange among countries as an instrument of prosperity and peace.

To conclude, although both sides are predisposed to sign the agreement, the deadlines they imposed are very soon and there are still many sensitive issues to be negotiated, which will clearly take a little more time to resolve. Currently, it is very difficult to foresee what could happen to the relationships between both regions since the international system changes continuously. Nevertheless, we could say that the European Union will still bet on the strengthen of the relations by their interregional cooperation, despite the fact that in some cases it will look for a 'strategic partner' inside the block to achieve it.

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