

EUROPEAN UNION LATIN AMERICAN AND CARIBBEAN RELATIONS: MERCOSUR
AND THE STATE OF INTER-REGIONALISM IN LATIN AMERICA & THE CARIBBEAN

Alec Wesley Brown

A thesis submitted to the faculty at the University of North Carolina at Chapel Hill in
partial fulfillment of the requirements for the degree of Masters of Arts in the Transatlantic
Master's Program in the Political Science Department

Chapel Hill
2020

Approved by:

John Stephens

Milada Vachudova

Donald Searing

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ABSTRACT

Alec Wesley Brown: European Union Latin American and Caribbean Relations: Mercosur and the State of inter-regionalism in Latin America & the Caribbean
(Under the direction of John Stephens)

In this paper I discuss the theoretical basis and development of the interest promotion, normative discourse, and the principle relationships of inter-regionalism as EU foreign policy. I then describe the histories, ideologies, and interests of the key regional bodies of the Latin American and Caribbean region and evaluate EU influence, focusing on the partnership between the EU and Common Market of the South as the most valuable to the success of inter-regionalism as a key element of EU foreign relations. I then apply the analytical framework for EU activity developed by Dr. Arantza Gomez Arana, drawing on material from the EU Commission, statistical evaluations, news sources, and academic journals, to evaluate the EU's strategic approach and identify the stances and potential impacts of the 2019 Association Agreement. I find the EU's strategic position and policy as ambitious but reactive and unlikely to strengthen the Mercosur governmental body.

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LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
ALBA	Bolivarian Alliance for the Peoples of Our America
CET	Common External Tariff
CETA	Comprehensive Economic and Trade Agreement
EEC	European Economic Community
EMIFCA	Europe-Mercosur Inter-regional Framework Cooperation Agreement
EP	European Parliament (EP)
EU	European Union (EU)
EUMAA	EU-Mercosur Association Agreement
FTAA	Free Trade Area of the Americas
ISI	Import-substitution Industrialization
IMF	International Monetary Fund
LAC	Latin American & Caribbean
LAFTA	Latin American Free Trade Agreement
Mercosur	Southern Common Market
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OAS	Organization of American States
OPP	Ouro Preto Protocol
Prosur	Forum for the Progress and Development of South America

RTA	Regional Trade Agreement
Unasur	Union of South American Nations
UN	United Nations

CHAPTER 1: EU INTER-REGIONALISM

Introduction

Official diplomatic relations between the European Union (EU) and the nations of the Latin American & Caribbean (LAC) region span nearly four decades during which the continent has seen transformative social and economic shifts as well as crises at essentially every level of government in one of the most geographically and socially diverse areas of the world. Political life in this region has been determined largely by the legacies of twentieth-century dictatorships, social and economic inequality, and competing regional state structures backed and/or opposed by the perpetual influence of foreign powers. Since the 1980s nearly every nation in the region has made significant progress towards democratization through the resolution of internal unrest, political and social efforts to address poverty and inequality, and the expansion of new forms of foreign relations to redefine the historical peripherality of their economies in response to increasingly globalizing world markets. To serve these manifold ambitions, various regional organizations for economic and political cooperation amongst Latin American nations have been developed. Many of these groups have subsequently been reformed, others updated themselves in response to various crises, and several have been more or less discontinued as the efficacy and functionality of each organization is dependent on constant support from member governments and perceived viability under shifting economic conditions. These state and regional development projects are crafted around specific and often diverging international positions, ideological bases for governance, and leadership roles for the different member-states. The many

successive initiatives of regional organizations have steered economic and political integration in the region through eras of international economic disruptions and crises, each contributing to the scope of the proposed solutions to the endemic socio-political issues of the region, the rising threat of global climate change, and the urgent need for competitiveness in the global marketplace.

Though the recent era of re-democratization in Latin American history has often been compared to the contemporaneous wave of democratization, economic modernization, and regional integration of Eastern Europe, partnership from the European Economic Community (EEC) with individual nations and the subsequent regional bodies in LAC was neither immediately recognized nor actively pursued in its early years. However, since the late 1980s the involvement of the EU in regional integration projects has fully changed course from a position of secondary dialogue to a complex multilevel interregional strategy with broad strategic partnerships between regional bodies, bilateral agreements with larger emerging powers such as Brazil and Mexico, and broadened civil society relations in nearly all LAC nations. These developments span a roughly thirty-year period and reflect the major EU foreign policy efforts to establish “actorness” and influence in international foreign policy following deepened political integration due to the foundation and reforms of the Maastricht and Lisbon treaties. The partnership with Mercosur, recently redefined in the 2019 EU-Mercosur Association Agreement (AA), is of unique significance for the realization of the EU’s main foreign policy interests in Latin America due to its structure, political ambitions, and the duration of its evolution since the signature of the 1999 Interregional Framework Cooperation Agreement. The AA, which is currently pending ratification, represents the absolute actuality of policy contestation as well as a possible defining moment for a new stage in EU-LAC relations. Along with the Free Trade

Agreement (FTA) pillar, the AA reflect the rhetorical interests of EU-LAC relations in the areas of democratic values and environmental sustainability which have been largely consistent during the relationship. Yet the member-states of Mercosur as well as the institutional organization itself currently demonstrates significant issues surrounding those democratic values and environmentalism which the EU has attempted to address as foundational elements of its foreign policy strategy.

In this paper I will argue that the dissonance between the EU's ambitions for its partnership with Mercosur and the circumstances of its twenty-year history demonstrate a lack of reliable functionality of the EU inter-regional foreign policy model. To this end, I will describe the origins of the EU's inter-regionalism, the main examples of Latin American and Caribbean regionalism, and the history of the EU's involvement with the Mercosur Common Market. I will then evaluate the EU's current strategic approach to advancing its relationship with Mercosur through the 2019 Association Agreement. With this understanding of the sources and application of EU-LAC regional policy, I will identify the structural limitations which produce the systemic failures in its stated goals of democratic accountability and environmental sustainability.

Theory and Sources

The EU's approach to foreign relations is considered unique to its major nation-state peers due to its developmental history and state structure. Though the European Commission, Council, and heads of the major institutions represent and articulate "EU views" of issues on the international stage, the foreign policy activities of member-states nearly always produce asymmetrical strategic relationships. These invariably lead to complications rarely faced by nation-state foreign policy institutions, and have led many to speculate on the coherence of EU

foreign policy itself beyond its proven affinity for bi- and multi-lateral engagement through trade relations (Savorskaya 2015). There are nonetheless, clearly identifiable interests in the EU's interstate relations, many of which draw legitimacy from the organizing logic of the Union itself and have considerable effects on the concepts and aspirations of the EU's international activity. Along with basic democratic norms such as representative government, rule of law, human rights, etc., Regionalism and "Inter-regionalism" appear as recurring concepts in the formulation of EU foreign policy projects. The former is a specific theoretical phenomenon of post-war international relations between many different nations which can be seen as various efforts of inter- and trans-state cooperation organizations in response to shifts of the world economic and geo-political order. The latter is a foreign relations strategy which is actively and consciously pursued by the EU with its own set of assumptions, sources of advocacy, and guiding principles like any other strategic approach. In this section I will describe the theoretical basis of Regionalism and its categorization of exemplary cases, then examine Inter-regionalism as a current of EU foreign policy discourse.

Regionalism is identified by Söderbaum and van Langenhoven (2008) as a widespread phenomenon of post Second World War politics of economic and political integration by individual states through several evolutionary stages. These different forms of regionalist organizations are divided into "generations," both for their chronological appearance and the notable influence of the different eras of the global economy on the representative cases. The first generation is succinctly exemplified by the Treaty of Rome and EEC in the 1950s and 60s by the alignment of interests of trade and security through cooperative bodies above the nation-state level. Regional Trade Agreements (RTAs) are perhaps the most common example of this basic relationship as they represent a significant influence in the shape of many industrial state

relations. The North American Treaty Organization (NATO), the largest security alliance of the era, fits neatly within the parameters of a security agreement of the same type. The simplicity of this form of agreement lends to its malleability into whatever format a state or group of states would desire. Hence, the key drive behind this type of relationship is the collective interest in pooling of resources of whatever type with a trusted partner who by historical or geographic happenstance sees this as an equitably profitable arrangement. This speaks to the general confinement of this form of regionalism in its overall influence outside of the member nations in question and to its importance to the Cold War in terms of the alignment of international relations around the hegemons of the USA and Soviet Union. Though many large and influential regional projects continued to develop during the 1970s, 80s, and 90s, such as the Africa, Caribbean and Pacific Group of States (ACP), the Association of Southeast Asian Nations (ASEAN), and the Organization for American States (OAS), these groupings were formed and have remained as first generation regional groups based on their goals, structures, and intergovernmental aspirations.

The “second generation” of regionalist integration is distinguished by the constructive political drives which expand beyond the traditional inter-state relationship into the institutional structures of state and society, theoretically leading to the development of a new polity altogether. At this point, it can be said that the foundations of the Westphalian nation-state have been affected as the localization of statecraft in territorial units and the endogenous source of interests have been transferred to constructed inter-governmental bodies of a new nature and representing a unique set of interests rather than those of individual state units. This is to be contrasted from other state forms which maintain separate and strictly representational institutions.

Second generation regionalism is historically situated as a “post-hegemonic” phenomenon since the major examples are theorized as having developed in response to the end of the bipolar Cold War-era of international politics. Rather than constructing or pursuing relations within wider hegemonic world structures, the driving need at play is the interest to construct new market units as a response to the openness of the essentially uncontested global market system of this point in history. This is indicative of the underlying market-focus of this process, for which it is often called “open integration,” based on the preference of nearly all major participants towards liberalization of trade and other sectors during the late 1980s and 90s. This phenomenon is viewed collectively as a functional portion of late 20th Century globalization in developing new standards of governmental political relations around the new market relations.

The EU is once again the main example for this form of regionalism since this process of “dispersion of authoritative decision-making across multiple territorial levels” is credited as the key function behind the development of the Single Market, the Euro currency, and the expanded legislative and judicial bodies of the European Parliament (EP) and the European Court of Justice. For this reason, it is still considered a uniquely mature version of second-generation regionalism and the standard against which regional integration is often measured (Söderbaum, Stålgren, and Langenhove 2005). Several organizations were developed during this period in active emulation of the EU institutional model and with aspirations of the development of internal markets, such as Mercosur and the African Union.

Finally, there is a conceptualized “third generation” of integration which more accurately describes theoretical versions of future integration paths due to predictable shifts rather than the current status of any national polity including the EU. This is the most loosely-defined form in that it largely sketches the next era for regional integration as necessarily dealing with the rise of

other EU-style bodies around the world. This is a perspective of the coming “multipolar world order” which would see the major players of the developed second-generation type such as ASEAN, Mercosur, and the Southern African Development Community (SADC), prepared to shift from internal issues of “optimizing political and economic processes ... toward shaping global governance.” This would also mean that the uniqueness of the EU in world politics would be reduced as other peer organizations arrive at its level of cohesion and influence, at which point the definitional difference of national vs transnational sovereignty and the legal practices of states will continue to blur along with globalization of markets. For the future of EU-regionalism, Söderbaum (2005) also suggested the political character of the Union itself would enter a new era characterized principally by deeper integration by means of the European Constitution. In my view this is nowhere near a failed prophecy, as several elements of this conceptual layout have become manifest aspects of at least the EU’s institutional structure and dialogue since 2000. Despite the lack of a Constitution, the Lisbon Treaty and subsequent legislative efforts have manufactured components and functional units to articulate and represent an EU foreign policy in the manner approaching that of a nation-state. The Common Foreign and Security Policy was a key adaptation for the development of autonomous security policy following the Maastricht Treaty while the Office of the High Representative of Security and Foreign Affairs and the European External Action Service provide much of the structure of a diplomatic representation for the Union. European integration clearly did not end with the abandonment of the Constitution in the early 2000s, nor did it halt the drive towards independent EU foreign policies which have been enshrined into the treaties and accepted as mainstream initiatives and duties of the Commission. The theoretical linear development of regional groups and inter-regional relations as described here by Söderbaum roughly captures the prevailing

understanding of the EU's relationship to other such state projects, rather than literally outlining those processes themselves.

While regionalism may be used to describe the history of certain relational organizations of the 20th Century, its theoretical approach also contains clear normative understandings and ideologies which become active components of its promotion as a key EU policy. This is apparent in the foundational treaties, Commission-centered dialogue, and foreign relations initiatives which have developed a particular view of the Union's contribution to regionalist integration as a method of expression of its own values and interests. Such a viewpoint is explicitly laid out in the Treaty of the Functioning of the European Union:

‘In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter’

As a result, the EU's generalized approach to foreign relations has centered around direct political engagement of interregional dialogue, assistance, and association agreements nearly exclusively through use of “normative influence” as a global actor. Many of the basic understandings of the EU model itself play functional roles in the pursuit of regionalism in its various contexts and help to sketch the intersection of ideological drives, material interests, and self-perception which make up EU foreign policy.

As the European Union in the late 1990's was approaching new levels of political integration and reacting to an opening post-Cold War geo-political world order, the mood within

the EU bent heavily towards optimism and ambition for its own capacities and place in the coming millennium. This was largely guided by the view that, based on its own increasing geographical size and economic weight, the EU must coordinate, develop, and expand its presence as a global political actor to positively shape the future by cooperation and example. The political engagement strategies adopted since then have been at points limited and directed by the EU's institutional structure, but have nonetheless acted with discursive reference or graduated justification around this viewpoint.

The perspective of the Commission and Council of Ministers has largely been that the EU should actively pursue foreign relations through constructive, impartial, and humanitarian assistance, as well as being coordinated with other supranational bodies to strengthen the international legal system. The constructive process of normalization of state relations and cooperation amongst institutional, economic, and social sectors speaks to the function of the "liberal internationalist" *modus operandi* of EU foreign policy. A form of "sustainable and participatory development," is thought to be expressed by frontloading the humanitarian programs of international relations to projects of market development, sustainability, and civilian democratic action. By demonstrating the desire to act principally on humanitarian grounds, the EU reifies both its status as a model internationalist presence motivated by cooperative non-interventionism and its influence as global actor in developing relations through norms-based economic partnerships rather than *realpolitik*-style coercion.

This approach to achieving influence hinges on the concept of "normative power," which has been contested for decades in EU discourse, alternatively being seen as a hindrance to wider international power, a specialized institutional-based skill, and even as a constructivist fantasy. Normative power as a policy approach is considered as an unquestioned strength by those who

credit the institutional values as inherited results of the Treaty of Rome and the transformative effect of the institutional logics which by their mere functioning became driving factors behind the post-war peace, prosperity, and democratization of first Western, then Eastern Europe. What is viewed as being “offered” by the EU, is a logic of strategic self-interested cooperation, guaranteed by multilateral oversight, and with the potential of developing multi-level relations through its legalistic normative function. Translating these into a set of political values and norms, foreign relations partnerships are clearly favored over strategic alliances and multilateralism is seen as the best method to direct the limited resources of smaller nations toward common and mutual development without the need to invest in geo-political competition and the “Security Dilemma.”

Manners (2008) presents perhaps the most generous systematization of this viewpoint, going so far as to list the ‘normative principles’ supported directly by EU relations as: sustainable peace, freedom, democracy, human rights, the rule of law, equality, social solidarity, sustainable development, and good governance. He goes further to claim that the fundamental governing principles of ‘living by example, being reasonable, and doing least harm’ are also functional influences of the EU on the behavior of states, actors within them, and supranational bodies. This set of values, while clearly idealized and of questionable applicability, all appear to have contributed to the projected perspective and example of the EU in the formulation and practice of interregional relations and regional development as a key foreign policy project of the Union since the 1990s.

As to the practical alternatives to the reliance on normative influence, EU policy-makers, as compared to global power counterparts like the USA, China, or Russia, have a somewhat limited set of tools available to them which could be considered concrete leverage. For example,

the EU has not developed a substantial autonomous military capacity at the supranational level, meaning that mediation, incentivization, and economic sanction are essentially the extent of involvement in foreign conflicts and the main methods for the censure of unfavorable behavior/rhetoric or the assistance to allied governments. The EU purposefully lacks the institutions, offices, and legal frameworks which would be needed to direct these types of authorities and resources. This precludes both an advanced state of trans-nationalized defense policy which would signify a heretofore unreached depth of integration and the comprehensive unification of Union efforts in realist power politics exercises. This is a major contributing factor to the circumstance that the liberal internationalist legal order has been and remains the forum in which the “actor-ness” of the EU is most functional, recognizable, and realized. Whether this has meaningfully affected or limited the military activities of certain member states is unclear, however it has been a decisive developmental-path for the normative-power conception of the Union’s interstate and market relations.

EU Inter-regional relations and competitors

The EU’s foreign policy relations, no matter how humanitarian in their conception, naturally serve the practical interests of the Union itself. The now three-decade-long pursuit of ‘actorness’ on the global stage is a central goal of the EU’s foreign policy strategy and assistance in the development of organizations with comparable institutional structures and logics serves to strengthen this “presence.” Börzel and Risse (2009) identify the active promotion of regional organization initiatives through competitive responses of individual governments, diffusion of the “norms of appropriateness” on the international stage, and conditionalized efforts of soft-power manipulation on the part of the EU among other international actors, as key catalysts to

the “explosion of regionalism” witnessed across the world during the 1980s and 90s. For the EU’s own direct relations, these legal arrangements have mostly been in the form of bi-, multilateral, and interregional agreements on trade (sectoral market access), intergovernmental dialogue, and aid (capacity-building) of various types. These agreements generally outline a type of priority designation, which are graduated categories of favored, strategic, or sector-focused tariff regimes to which national units can agree to enter and negotiate under the auspices of an officially initiated “relationship.” These agreements are usually structured on long-term projections of mutual liberalization of market access often for the span of decades. Depending on the type of national or transnational unit in question, the legal requirements and tools supporting sustainable development and prohibition of unsustainable industrial practices, such as deforestation, strip mining, and pollution, will be crafted to address the specific vulnerabilities of third-country partners. This approach is meant to embody non-coercive, norms-based assistance whereby the EU may pursue generalized interests of international stability, market development, protection of civil rights, redress of humanitarian issues, and environmental sustainability by supporting or assisting the development of partner institutions, civilian organizations, and market regulators to adopt amenable commitments and thereby strengthen the internal legal reasoning of certain economic and social values. This is the ideal functional process of EU norm-diffusion through international partnership agreements with third countries and demonstrates a key aspect of the Union’s purported legal-normalization process.

Few political arrangements, even when proceeding from a common strategy, will be identical. Therefore, there exist several forms of interregional relationships that do not concern the definitional existence and structures of regional units, rather the form in which the two are choosing to associate. Hänggi (2000) identified these arrangements systematically as separate

phenomena from the different generations of regionalism types into three forms of interregional relations. These include relations between regional groupings, bi- and transregional, and hybrid arrangements. The first can be seen most commonly through the EU's association frameworks, such as the EU-Mercosur, ASEAN, and other group-group dialogue partnerships involving two independent regional associations. The Bi- and transregional types involve member-states from more than two regions and often don't concern commitments managed directly within those agreements. This type is more common amongst broader regional relations such as the Community of Latin American and Caribbean States (CELAC) and its EU relations, due to the inclusion of states from various regional groups.

The final characterization of the EU approach to inter-regionalism is its functional departure from the "opposing" models of economic and strategic integration available to the actors of the LAC. The most identifiable examples around the world of feasible and accessible market-alliance alternatives to the EU are those proffered by the US and the China, amongst other smaller and more specialized arrangements. The most immediate, longest-running, and therefore the most consequential for the LAC is of course the US whose approach of "hemispheric integration" shares certain similarities with EU inter-regionalism. Both were developed into active foreign policy during the same world market period, involve some similar reforms, and proceed from the internal political culture, values, and interests of their respective polities of origin. However, these differences have further implications beyond diverging sets of state discourse or marginally separate trade sector interests. Grugel (2004) describes these as competing modes of governance produced by the era of "new regionalism" (which is a similar but not equivalent concept to the second-generation regionalism of Söderbaum) of the post-Cold War geopolitical order and market globalization of 1990s. During this period the US developed

two economic projects to reshape the regional markets in response to these circumstances: The North American Free Trade Agreement (NAFTA) in 1992, and The Free Trade Area of the Americas (FTAA), which failed to achieve ratification by 2005 and is now defunct. These two demonstrate the influences and key interests of the US regionalist integration project in the LAC and will serve to contrast with the forms, functions, and values of the EU's inter-regional partnerships.

US-LAC relations have traditionally been formulated in the frame of American domestic security concerns due to the perennial policies and relationships based on the famed Monroe Doctrine of 1823. Through the continual reaffirmation of this policy perspective, the US has maintained that "incursion" by foreign powers into the economic and political affairs of the Western Hemisphere, by friend or foe alike, are to be viewed with suspicion and/or opposed through economic and military means. This political tradition has proven particularly persistent in the US foreign policies and became a major focus for the region in the Cold War, during which, support from socialist countries or development of those economic models constituted the *casus belli* of intrusive foreign influence. This has however, not led to a particularly offensive US stance against EU involvement in the region. Rather, it has simply precluded cooperation between the two major powers and divided their activities as separate projects. By the 1990s, the economic well-being of the American financial and labor markets was conferred the status of national strategic interest, and would be pursued by economic integration in the Western hemisphere.

NAFTA was one of the first in the widespread market liberalization projects and neoliberal policies sponsored by the US for the LAC and the failure of the Free Trade Area of the Americas (FTAA) would mark the transition point to the current situation for the region.

Following the model of the EEC, NAFTA established reductions of tariffs and trade barriers, commitments of gradual market access, and standardizations of intellectual property rights for foreign investment between the US, Canada, and Mexico. Development of market access, especially in the domestic US agricultural sector, have since stalled, as the focus of US negotiators have been mainly concerned with rules-enforcement and legal standardizations rather than subsidy reduction within its internal market. However, NAFTA was considered a moderate success in its early years due to the rise of mutual foreign investments amongst the partners and following this model, the US introduced the FTAA as a congruently expanded economic project for nearly all of its political allies in the Western Hemisphere. The FTAA found a more difficult path to negotiation and ratification as the existing sub-regional bodies of the LAC viewed the limited reciprocity on offer from the US market with suspicion and found the advantage of liberalization less lucrative. Following the economic crisis in Argentina in 2001 and rising resistance to neoliberalism and US-centered economic policies from the “pink tide” left governments of Argentina, Brazil, and Venezuela led to the abandonment of FTAA negotiations in 2004. Despite the failure of its hemisphere-sized economic program, the US economic and political presence is felt in every LA nation and the US has FTAs and Trade Promotion Agreements (TPA) with ten countries in the region and the Dominican Republic-Central America (CAFTA-DR) group (US Trade Representative).

The main difference of the US-led economic-liberalization efforts as exemplified by NAFTA and the FTAA to those of the EU, is the focus on the construction of “rules regimes” for economic governance rather than support for supranational regional institutions. These essentially represent projects of first-generation regionalism by maintaining and relying on the national units and legislative/administrative capacities of the participants and thereby maintains

the disparities of state power providing little to no mediation apart from multilateral negotiations and summitry. Unlike EU inter-regionalism, the US' plans for economic relations across Latin America represent a generalized set of legal interests for economic governance that is inextricably built into its own market and political security projects. Where the EU, through its relationship with Mercosur, focuses on the construction of the supranational institutions with legal integration as a partner organization, US-led "market integration" is limited to standardization efforts of market relations with the individual nations of Latin America.

CHAPTER 2: LATIN AMERICAN REGIONALISM

Introduction

Latin America does not currently suffer from a lack of regionalist economic and political bodies. There is in fact, a surplus of regional and sub-regional groups, many of which have been active for decades, which have shaped the economic and political structures of the region. The influence and quality of EU trade and political relationships in this region are therefore complicated by the overlap of organizations. Broadly speaking, the EU currently maintains official relations with every nation of thirty-two members of the Community of Latin American and Caribbean States (CELAC), exempting foreign territories of European nations themselves, as well as with most of the regional integration organizations outlined in this paper. Brazil and Mexico, two of the largest independent economies, have also both signed bilateral-strategic partnerships with the EU in 2007 and 2009 respectively, and several members of the CARICOM have signed an interregional free trade agreement as of 2009. Along with formal agreements, the EU maintains a reputational inclusion in many LAC inter-regional market and association negotiations, participating alongside the USA, China, and other international powers as a guarantor and negotiation partner. Certain EU member states also hold unique post-colonial and migratory cultural ties along with centuries-long political relations. Altogether, the EU represents one of the preeminent international partners with nearly every Latin American nation, with diverse institutional, civil-society, and legalized forms of cooperation (Grieger and Harte 2018). The relationships between regional groupings are complicated by interrelation and must be

considered individually to weigh the niche areas where they exercise the most influence. In this section I will describe the basic themes, histories, and practical challenges endemic to the major and sub-regional Latin American groups, including through the lens of “generations of regionalism,” to outline the general state of regional integration in LAC.

Most of the regional LAC governance models share much of the EU’s own operating logic, such as the basic cost-benefit calculation of cooperation by economic integration, mutual-reinforcement of democratic values by transnational, as well as the historical and cultural links providing an ease of functioning to cooperation amongst the particular national units to in expressing their collective economic and political interests (Söderbaum and Stålgren 2005). However, there remain many distinctions amongst the sub-regional units that extend beyond the practical differences in economic integration of areas of such geographic diversity. Ayaso and Gardini (2018) identify three common denominators of LAC regionalism which serve to distinguish certain motivating logics and path-dependent political drives: differences in stances to international partners, regional leadership, and socio-economic imbalances. These aspects of Latin American sub-regional groupings often highlight key distinctions to the socio-economic conditions, geographic practicalities, and historical factors which are often considered as the practical basis of the EU’s developmental feasibility and success. Their inclusion here is meant to provide insight to the opposing side of the regionalist ideological calculations of EEC-era regional integration which form the state interests served by those cooperative agreements.

The ideological and discursive stances which make up the worldview of regional bodies with respect to major international powers outside of the direct member group has proven to be particularly divisive set of choices in LAC. The preoccupation with the type and tone of foreign relations with specific nations is linked to broader self-conceptions of the many individual

national political cultures of the region. These are long-running currents in the political state-structures of LAC and at different points can be seen to demonstrate a variety of forms of acceptance, refutation, and adaptation of the common American foundational experience of 16th-century European colonialism. The influence of these political conceptions has extended into the 19th and 20th Centuries and has often proven fundamental to the nationalist identity-formation and the political self-actualization of LAC nations in the post-colonial world systems. Along with the significant economic and political influence exercised by foreign powers throughout these last two centuries, commercial relations and military alliances with the USA as well as certain European powers have also determined the success and failures of national political economies of the region. In the context of 21st-century regionalist projects the diametrically opposed categories of the most famous Cold War conflicts in Latin America no longer hold as much explanatory or predictive power. The basic opposition to or acceptance of American political and economic influence, either conceptualized as a continuation of hegemonic control or as a resource for national development, holds a ubiquitous position in the political culture and ideology of every state and private actor in the hemisphere. Hence, the unification or at least complementarity of the ideological socio-economic projects must be congruent to give the necessary idealistic drive to accept marginal short-term losses or diversion of resources towards the community interests of integration-focused undertakings.

The question of regional leadership is also a significant puzzle for the layout of functional regional units. Taken as a whole, LAC nations are highly unevenly distributed in population density and size. There are medium-sized countries with populations of less than 50 million, such as Columbia, Argentina, and Peru, as well as small Caribbean and Central American nations of some 20 million inhabitants and less. Mexico and Brazil stand as the outliers, with the former a

relatively large and economically wealthy country of 127 million and the latter as the fifth largest nation on earth by size and sixth by its population of 204 million. This diversity clearly complicates the paths of integration as compared to the EEC in its own foundational period where the material conditions would lead to relative equilibrium of the post-war European continent between France and Germany. Within the balanced situation, the trans-national framework and institutions were able to provide assurances of equanimity for smaller and larger nations alike (Ayaso and Gardini 2018). This leads to an obvious dilemma for both the continent-wide and sub-regional units, where inclusion and/or exclusion of Brazil or Mexico may alternatively affect the balance of power and reciprocity in the relationship or the international competitiveness of every possible arrangement. While this issue is common to the division of ideological and discursive interests inherent to all institutions, the possible functions of trans-nationalization of economic and political sovereignty are perhaps uniquely inhibited by the vast and varied geography of Latin America.

The final explanation for the difficulties of regional integration along the EU institutional and economic model to form stronger regional LAC bodies is the asymmetries amongst the internal societal scenarios of the potential member-states. These differences extend to and are partially due to the economies of the region, essentially all of which are structured heavily on imports of foreign goods and exports of agricultural products and raw materials. This means that increases in internal trade, even when taken as an active effort to strengthen the LAC market, faces the issue of redundancy and comparative loss of revenue. This situation can be contrasted to the cases of both the EU and NAFTA wherein creation was formulated largely in response to an existing state of economic interdependence rather than as an effort to generate that scenario to assist a conceptualized market-project. This is also hindered by the state of infrastructure in

every nation of the southern continent, nearly all of which are based on coastal urban centers and port cities fed by extractive industries from the interior with limited capacity or use for development transit infrastructure.

These manifold unideal circumstances faced by Latin American nations when choosing to pursue regional integration provide significant complications to these projects and highlight the very issues which may be addressed or ameliorated through successful implementation.

Andean Community (CAN)

Founded: 1969

Members: Bolivia, Colombia, Ecuador, and Peru

The traditionally friendly nations of the mountainous Northwest of South America, united by the commonalities of their geography and democratic ideals, saw the creation of the oldest regional agreement of LAC in 1969. The main goals of the group were the establishment of a free trade zone and future regional integration for essentially all of Latin America. To this end, Venezuela acceded in 1973. Unfortunately, the union would be beset by structural issues and regional competition for decades, leading to its current diminished state. The initial stumbling block was the exit of Chile from full membership following the 1973 coup, bringing the number back to five participants. Development beyond a first-generation regionalist type of intergovernmental relations was stalled for years following the economic difficulties of import substitution industrialization (ISI) in the 1980s along with armed conflicts and political crises in nearly all of its member states. The partnership was then “reinvigorated” in 1996 with a collective redirection towards the development of an internal market, perhaps more resembling a second-generation transnational political and economic body. This change of attitude also included calls within the

organization for the development of a wider Latin American free trade zone modeled after EU regionalism. These projects have not yet developed, and in 2007 Venezuela exited the association in favor of Mercosur. Colombia and Peru both have since signed FTAs with the USA, further complicating the market layout of the Community. Though the EU has maintained a bi-regional dialogue since 1993, negotiations of a wider dialogue agreement have stalled while similar arrangements have been implemented bilaterally in three out of the four member nations with Peru and Colombia in 2013 and Ecuador in 2015. Despite further complications, including Bolivia's choice to join Mercosur in 2012 and the regional competition with the Pacific Alliance, the EU remains the second largest trading partner of the Andean Community. The history of the group shows both a failure to deepen regionalism in a linear fashion as well as a durability through adaptability to various political and market conditions.

Bolivarian Alliance for the Peoples of our America (ALBA)

Founded: 2004

Members: Antigua and Barbuda, Cuba, Dominica, Grenada, Nicaragua, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Venezuela

Amongst its peer organizations, ALBA distinguishes itself through the ideological basis of its economic and political programs which have very little in common with the varying degrees of market liberalism common to the recommendations for the region stemming from the International Monetary Fund, World Bank, and the famed Washington Consensus. This is not simply a group structured to oppose US influence in Latin American politics per se, but draws common cause of anti-imperialist resistance as a unifying tradition amongst all former colonized nations. Hence the basis in political traditions drawing on the ideology and personality of Simón

Bolívar has largely been supported by socialist and social democratic governments. In practical terms, the group is made up of small Caribbean nations and now only three medium-sized countries with historical antagonisms with the United States. ALBA's structure is institutionally similar to most other regional economic and political bodies with councils for heads-of-state and initiatives of various market and financial projects. Beyond organizing mutual political support and exchange of material aid including petroleum amongst members, the Alliance officially introduced the virtual currency SUCRE to replace the US dollar in regional trade as a common exchange currency. Due to the political alignment inherent to the group, several member countries have seen changes in domestic political leadership lead to departure. This has the case for Honduras, which left in 2010 after a coup, Ecuador in 2018, and Bolivia in 2019. Amidst recent instability in Venezuela and Bolivia, the scope of the wider economic implications of this arrangement will likely remain limited.

Union of South American Nations (Unasur)

Founded: 2004

Members: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Suriname, Peru, Uruguay, and Venezuela

Unasur was at one point one of the largest and most ambitious of the Latin American 20th-century integration projects and its short lifespan reflects both the practical difficulties of this level of undertaking and some of the basic divergences of political programs in South American politics. The Union was developed in 2008 as a further step of a gradual process of top-down continental-scale political and economic integration. The basic concept formed out of the planned adaptation of existing economic and political bodies of Mercosur and the Andean

Community into one transnational governmental body. The Constitutive Treaty, which reached the requisite number of members in 2011, envisioned an intergovernmental council structure tasked with the construction of a South American transnational political and economic space modeled after the EU with a common market, currency, and independent financial institutions. The organization was directed by the heads-of-government through an executive Secretary General, elected by the member state leaders, and directed in ombudsman fashion by a rotating *president pro tempore*.

The main task pursued by member states initially was the immediate integration of the institutional system into political viability from its ad hoc state in its early years. These efforts were largely carried out within a council structure which granted executive positions to the heads of government and their appointed ministers as the main provisional method of transnational decision-making and integration. The governmental structure included councils made up by the heads of state, foreign affairs ministers, and of political delegates. The early proposals produced during various summits sketch the interests of the national units with alternate paths of development as a supposed national unit. One of the first was a functional regional Parliament with an advisory, dialogue, and administrative role in the model of the European Parliament as well as standing councils for democratic election monitoring and defense coordination. The Bank of the South was developed in this context as a method of financial autonomy and integration as a development-focused concern managed within Unasur for state-infrastructure projects. These institutional projects were largely conceptualized as methods to strengthen regional autonomy in finances, economics, normative power, and security, essentially as political alternatives to hemispheric bodies such as the Organization of American States (OAS) and the Free Trade Area of the Americas (FTAA). For as long as these governing and deliberative bodies existed, the

implementation and construction of this polity has faced the predictable obstacles of funding and format of trans-national planning, consensus-building on integration paths, and vision of national political actors to accept.

Progress on institutional development remained at a plodding pace during the 2010's as border conflicts between Colombia and Ecuador and constitutional crises in Peru, Paraguay, and Bolivia increased contention and complicated the dialogue on the various projects for the realization of institutional structure. These tensions rose to existential crisis as the Argentinian selection for 2017 Secretary General was rejected by Bolivia and not replaced for more than a year until the *pro tempore* was rejected by Colombian president Álvaro Uribe. Despite the efforts of Chilean President Michelle Bachelet to claim the *pro tempore* presidency, urging that members not waste the opportunity for the future of Unasur, Brazil, Colombia, Chile, Paraguay, and Peru collectively suspended their memberships in protest of the Venezuelan political crisis. Since 2017 there have been public discussions and considerations of formal withdrawal in several member states along with continuing political uncertainty in Venezuela, Bolivia, and Chile. Jair Bolsonaro, President of Brazil, announced his intention to formally exit the agreement in April 2019 (Dahms 2019). The uncertainty for the future of Unasur is great enough at this point for it to be considered practically defunct, at least in its current form. The Forum for the Progress and Development of South America (Prosur) was formed in 2019 and is essentially the same agreement refashioned by the centrist and right-wing governments of Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, and Peru to the exclusion of the socialist and social democratic political projects and memberships of Bolivia and Venezuela (Sassenrath 2020).

Community of Latin American and Caribbean States (CELAC)

Founded: 2010

Members: 32

The CELAC is an internationally-focused representative body for broad dialogue on transnational interests. This group was formed through initiatives of intergovernmental and minister-minister dialogue began in the 1980s following the end of the dictatorships in Brazil and Argentina, followed shortly thereafter by Paraguay and Chile. This reintroduction to the world as a democratic continent with the political will to be represented as a common group was largely pursued by semi-annual summits with the participation of international partners and other regional bodies. This began with the foundation of the Rio Group in 1986, which sought to form a broadly government-government association for international representation by national units and eventually counted 24 member states with all of South and Central America and much of the Caribbean including Cuba. This summit-based dialogue group developed into the main regional partner organization for the highest-level EU-LAC biannual interregional summits. The arrangement was reestablished in 2011, now under the current name CELAC, envisioned as an alternative political body to the OAS which has the effect of halting the functionality of essentially any regional integration with the participation of the United States and Canada (Segovia 2013). CELAC entered into formal partnership with the EU in 2013 and has since created foundations and political summits on topics including trans-Atlantic civil society relations, investment, business development and academic exchange programs amongst others. As a non-trade, non-political, and non-governmental body, CELAC's ambitions represent a hybrid regionalism approach of increasing organization.

Pacific Alliance

Founded: 2012

Members: Chile, Colombia, Mexico, Peru

The Pacific Alliance is one of the more straightforward modern market-integration regional schemes in Latin America. As a trading bloc of only four states, three of which are contiguous within the same hemisphere, the “Pacific Arch” of economic market integration on “open regionalism” terms represents a notably simpler project than most others described here. This trade alliance is explicitly geared towards the facilitation of economic development and international competitiveness through a collective push of trade liberalization towards Pacific and Asian markets as well as the unification of all national financial markets. This recalls certain aspects of early EU economic integration with complimentary intergovernmental bodies such as the High Level Group of national coordinators for issue-focused commissions, Business Council, Council of Finance Ministers, and an Inter-parliamentary Commission. The political format of this group is explicitly restricted and where most other regional bodies have at some point reformed themselves, added/lost members, or generally undergone an internal contest of control, these are unlikely scenarios for the future of the Pacific Alliance.

Mercosur: Background and Development

The Common Market of the South (Mercosur) grew out of a burgeoning interstate partnership between Brazil and Argentina which developed as new wave of dialogue regionalism swept through LA in the 1980s and 90s. This represented a 180-degree transformation for Brazil-Argentina relations from a state of mutual rivalry between oppressive military regimes to bilateral cooperation between civilian-led democracies. The new common market project was

therefore intended as a transformative political program to shape the political future of the Southern Cone by adapting regional socio-economic projects into new sources of legitimacy, thereby reclaiming the status of internationally-recognized modern legal societies as well as functionally adapting to new market forces. As a result, democratic legitimacy and humanitarian interests took center stage as key rhetorical and institutional focuses in the conceptualization and development of the new market project. The choice to imitate the EU economic and political model led to the adoption of the vocabulary of governance familiar to EU politics. Normative democratization coupled with economic integration were enshrined in the founding document as practical necessities for the acceleration of the processes of economic development and social justice. In this section I will cover the political bases and creation of the Mercosur as well as the early years of EU involvement leading up to the cessation of political dialogue in 2011.

In all fairness, none of the first four member-states of Argentina, Brazil, Paraguay, or Uruguay were fairing particularly well in the immediate years following the returns of civilian rule. Political uncertainty, fumbling parties and governments, and high-level corruption stemming from the reorganizations of the state capacities complicated the restart as newly democratized societies. The solution of economic integration to alleviate some of these pressures was not itself an invention of the democratic era, as larger intergovernmental initiatives for limited economic integration in Latin America have dated back to the 1960s with the Latin American Free Trade Association (LAFTA), which failed to produce major results apart from perhaps assisting in the creation of the Andean Community. This initiative was then reintroduced in another economic and political era for the continent in 1980 as the Latin American Integration Association (ALADI). Concurrently, the countries of the Contadora Group (Mexico, Colombia, and Panama) were engaging in diplomatic dialogue efforts to address the multiple political and

military conflicts of Central America and this confluence of renewed interest and apparent need for transnational cooperation brought the improvement of inter-American relations through political dialogue and capacity-sharing arrangements to the forefront of regional politics in the 1980s. These actions are credited as the main impetus behind the formalization of the Rio Group in 1986, which as noted in the previous section has proven a key point of dialogue for EU-LAC relations. In the context of increasing regional and inter-regional dialogue, the Rio Group would serve as the forum for the inter-state dialogues which led to the construction of Mercosur. Bilateral commitments between Argentina and Brazil to promote common market integration based around their partnership were then established by treaty in 1988 which led to the summit of 1991 that produced the foundational Treaty of Asunción. Chile, another South American nation having recently negotiated the end of its own dictatorship, was also invited to participate, but declined the offer. This treaty is generally considered a loose starting point to serve as the foundational document for a common market organization as large as Mercosur, given that it only fills twenty-five pages and establishes little more than commitment, structure, and rhetorical vocabularies of the project. Despite the looseness of the arrangement, the free trade area became active during this period and the issue of legal integration was addressed by the 1994 Ouro Preto Protocol (OPP) which provided mechanisms for the legal incorporation of decisions made in the Mercosur legislative institutions. The initial economic signs were positive, with increases in intra-regional as well as gross trade which drove political ambition to implement the Customs Union by 1999 (Laursen 2010). The relationship with the EU began amidst these moderate successes and would prove a key strategic component of the fledgling regional association's initial economic and political projects.

The EU's own interest in a close cooperative relationship with Mercosur fits into the formulation of post-Maastricht EU inter-regionalism as well as the transformative LAC policy initiatives from Portugal and Spain following their accession in 1986. Prior to this point, the economic and intergovernmental interests in Latin America from the EEC ranged from notably unenthusiastic to non-existent. However, efforts to promote social ties with former colonies for economic and normative political advantage as in the examples of the post-colonial international relations of France and the UK had proven boons to the EEC's successes in the 1970s and 80s. This functional shift in cultural capital with Latin American was considered increasingly influential during the 90s for the burgeoning EU's foreign policy relations. The EU's partnership with Mercosur then began in earnest in 1991, with formal meetings leading to partnership negotiations during the first EU-Rio Summit in Brussels. Further commitments, favorable increases in trade, and positive experiences with official dialogues led to the "EU-Mercosur Inter-regional Framework for Co-operation Agreement (EMIFCA)" and "Declaration on Political Dialogue," which came into power in 1994 and 1995 respectively. These established the functional formats, main institutional relations, and broader socio-political goals envisioned for the inter-regional partnership. The EMIFCA layed out the focuses of trade liberalization and cooperation in industrial and agricultural standardization as well as a "network"-focused plan for development of small and medium enterprises and investment to operate seamlessly across the Atlantic. In comparison, the "Declaration" is both more political and aspirational, outlining the desire for advancement on issues of human rights, post-dictatorial democratic consolidation, migration, social development, and the environment. These are to be pursued by the familiar EU domestic policy strategy of multi-sector input through standing Trade working groups, Joint Committees, and Ministerial Dialogue groups. At this point the basic format of an "open

regionalism” partnership focused on achieving “economic restructuring and trade insertion” under more amenable legal, democratic, and environmental standards had been achieved.

The 1990s are considered as the “golden age” of Mercosur’s history as the progress reached during this period in internal economic integration as well as in the EU-Mercosur partnership have not since been met or surpassed. Campos (2016) argues that the post-1999 slow-down has been largely a result of economic difficulties of the 1999-2001 which revealed fundamental weaknesses of the integration process. The economic crises in Brazil and Argentina effectively ended the 1990s momentum and the international economic effects of the 2008-2010 exacerbated the stagnant fragility of Mercosur’s commitments to develop supranational competencies. This situation is partially due to the reliance on the initiative of successive member-state presidents to expand, fund, and implement what are essentially good-faith commitments. Moreover, transformations in the Brazilian economy, which saw a vast and attractive domestic goods and manufacturing market diversify and internationalize while outpacing its fellow member-states, brought the Brazilian presidency to new levels of significance in dictating the pace, interests, and ambition of integration. Whether in reaction to these economic difficulties or by the general reticence towards inconvenient aspects of deeper agreements, the pace of political integration slowed during this period.

This unproductive situation within Mercosur also brought about the largest halt in progress towards a formal trade agreement with the EU. Negotiations for an Association Agreement with an FTA began in 1999, with the key interests of liberalization of the heavily subsidized EU agricultural sector and of the considerable trade barriers in the Brazilian and Argentinian domestic markets. These are amongst the most guarded domestic economic policies of each group respectively and it appears that at this point, the projected economic and political

benefits were outweighed by the potential for harmful disruption within the context of economic downturn. This is also the period in which the FTAA was abandoned as Argentina, Brazil, and Venezuela became increasingly wary of the economic vulnerabilities faced even within agreements such as NAFTA. As a result, the EU-Mercosur partnership would continue without formal trade negotiations or projects on the table from 2004 until 2010.

Despite the slow-down of Mercosur integration advancing to stagnation during the early 2000s, interest in further regionalism amongst LA nations continued apace during this period. Nearly all of the other intergovernmental organizations highlighted in this paper were founded after 2000. This is indicative of the influence of governmental market solutions trending towards regional integration from the 1990s and into the 2000s. This trend also holds for existing bodies as Bolivia, Chile, Colombia, Ecuador, Guyana, Peru, and Suriname all joined as associate members of Mercosur, and both Venezuela and Bolivia pursued and achieved graduated levels of accession to the economic union in 2013 and 2015. These were not wholly uncontroversial amongst the member-states as Brazil, Argentina, and Paraguay all demonstrated significant internal opposition to the membership of Venezuela, which has been something of a *bête noire* of the right-wing and conservative political groups in each of these countries. Beyond the charges of undemocratic behavior leveled consistently against the Maduro government, many conservatives and even centrist groups opposed the economic structure and relations, particularly those favorable to Cuba, and the whole political project of opposition to US influence as harmful and misguided. Moreover, Venezuela's accession was only achieved in 2013 due to Paraguay's possible veto power being nullified by its own suspension following President Fernando Lugo's impeachment in 2012. However, Venezuela would become the second case of member suspension from the group as in 2016 the heads of state of Argentina, Brazil, Paraguay, and

Uruguay first notified President Nicolás Maduro of his nation's failure to "adopt all the membership rules and treaties," and have proceeded with this status since then. The expulsion took place before Venezuela was to assume the rotating presidency in September of that year and is linked to the replacement of "pink-tide" governments in Argentina and Brazil by center-right leaders in the early 2010s (BBC 2016). Bolivia has also seen progress on its full membership seemingly indefinitely suspended due to years of delays within the Brazilian congress, and further complicated by electoral disputes following the 2019 presidential election. These internal conflicts have, over time, transformed into more complex division of political interests within Mercosur member-states and contribute significantly to the parameters of the internal debate in 2019, which I will return to in the next section.

During this interim on trade negotiations, the EU-Mercosur partnership continued alongside the general lines of EU-LAC relations with active participation on a number of key transnational issues. The 2008 EU-Mercosur summit in Lima is exemplary of this shifted focus, as it produced a bi-regional commitment to share capacities and resources towards science/technology, infrastructure, and renewable energy. The EU did continue to support Mercosur political integration, although often as a secondary initiative to strategic market development. The 2007-2013 EU-Mercosur Regional Strategy paper fits this pattern exactly, allocating 17 million euro in total, 2 for the development of bio-technologies in Mercosur countries, a strategic interest of the Mercosur negotiating delegation, and 15 for preparation for implementation of a future association agreement (Gomez 2017). During this period, the EU's interest in facilitation of further trade relations continued, albeit under Mercosur's loosening institutional frame demonstrating very few of the functional realities of a fully-realized single market.

Conditions and political realities within Mercosur have in total, trended away from consolidation of the market project in the recent decades. Though internal trade increased significantly in the 1990's and early 2000s, it still only represents a fraction of GDP compared to external trade. This perpetuates some of the key difficulties in developing EU-style market conditions as noted in earlier sections. Moreover, "politically negotiated exceptions to the bloc's rules [have become] the norm" as every member-state has at this point permitted a significant lenience on tariff uniformity to take hold (*Council on Foreign Relations, 2019*). Domestic politics in the Mercosur have also been tumultuous in recent years. Brazil has seen long-running corruption investigations bring about the prosecution of major political figures as well as the impeachment of former-President Dilma Rousseff in 2017 along with economic contraction and monetary crises. Meanwhile, Argentina has sought IMF relief to the tune of \$50 billion following years of economic recession. The political consequences of these crises have significantly shaped the landscape of domestic politics and trade relations for Mercosur at the current date.

Negotiations for the EU-Mercosur restarted in earnest in 2010, now in an international market significantly affected by the 2008-2010 crises and with a transformed EU following Enlargement in 2004. The resultant Association Agreement, produced in 2019, will be the topic of evaluation for the final section of this paper.

CHAPTER 3: ANALYSIS

Analytical Framework for EU influence

I will use an analytical method developed by Dr. Arantza Gomez Arana in *The European Union's policy towards Mercosur: Responsive not strategic* (2017) to evaluate the EU's behavior and changing political strategies in the negotiations, current status, and possible implications of the EU-Mercosur AA which was completed in 2019 and has not yet been ratified. I will employ Gomez' dependent variable of *engagement*, measured by the independent variables of *ambition* and *commitment* and apply them to several of the justifications of EU international relations literature, including the global aspirations of EU inter-regionalism, the efforts of counterbalancing regional US influence in LAC, and the desired role for the EU as an external federator in promoting Mercosur's political integration. These drives will be tested as positively or negatively correlated to the developments in the material conditions of the key policy areas of the EU-Mercosur relationship. This will determine the extent of their functionality as policy motivations to identify the key interests behind the 2019 EU-Mercosur Association Agreement and to weigh the desired results and rhetorical claims against the relevant provisions to the areas of democratic governance and environmental protection.

In this analytical framework, *ambition* as an independent variable represents the "aspiration, desire, and purpose" of a position or desired policy and will be used to describe "how far the EU is willing to go to change the status quo" through this agreement. The main objects of analysis for this variable are EU policy pronouncements, negotiating mandates, plans

for the future of the relationship, and promises to Mercosur. *Commitment* can then be assessed through “obligations and intentions,” meaning the “amount that the EU is willing to pay in order to achieve those objectives.” The indicators for this variable are the frequency of meetings given by the EU (official, ministerial or head of state level), the amount of aid or funding provided by the EU for the different aspects that compound the relationship, and the willingness to compromise during negotiations. Gomez links these two factors to identify the form of strategic activity as either proactive or reactive. The absence of *commitment* may indicate the influence of response to other activities or circumstances as the main factor. Finally, the absence or non-existence of a functioning strategy on the part of the EU is necessary to describe the current situation and the EU’s responses to it.

Ambition will be measured on different levels as follows:

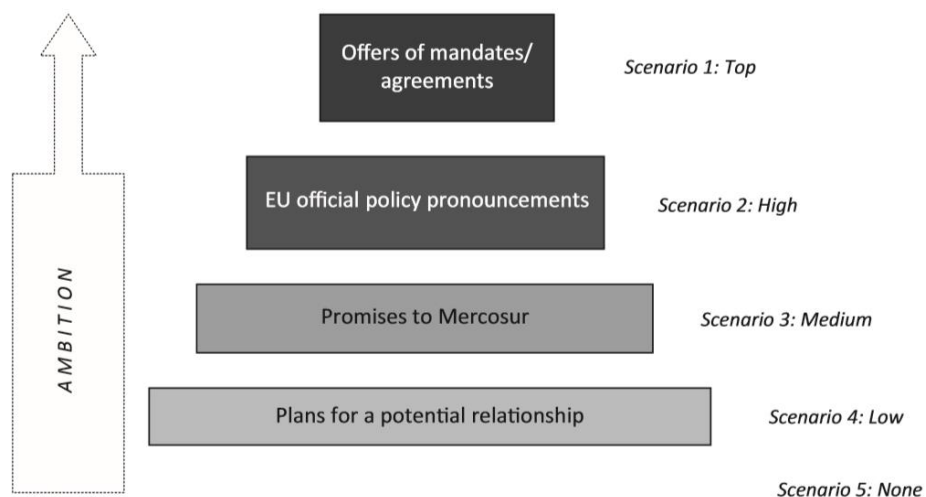


Figure 2.1 Levels of ambition

Top:

- Offers of negotiations mandates or agreements
- EU official policy pronouncements
- Promises to Mercosur
- Plans for a potential relationship

High:

- EU official policy pronouncements
- Promises to Mercosur
- Plans for a potential relationship

Medium:

- Promises to Mercosur
- Plans for a potential relationship

Low:

- Plans for a potential relationship

None:

- The EU does not have any intention to do anything for Mercosur, the EU will not shift from its status quo

Once *ambition* is measured, the analysis will move to the second criterion, *commitment*.

Commitment will be measured as follows

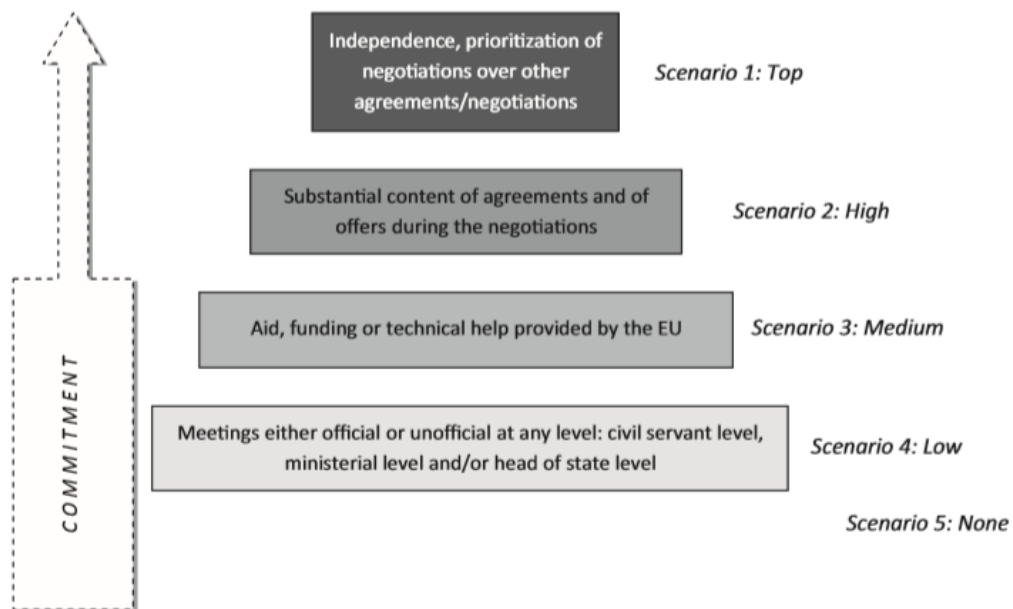


Figure 2.2 Levels of commitment

Top:

- Independence, prioritization of negotiations over other agreements/negotiations
- Substantial content of agreements and of offers during the negotiations
- Aid, funding, or technical help provided by the EU
- Meetings either official or unofficial at any level: civil servant level, ministerial level and/or head of state level.

High:

- Substantial content of agreements and of offers during the negotiations
- Aid, funding, or technical help provided by the EU
- Meetings either official or unofficial at any level: civil servant level, ministerial level and/or head of state level.

Medium:

- Aid, funding, or technical help provided by the EU
- Meetings either official or unofficial at any level: civil servant level, ministerial level and/or head of state level.

Low:

- Meetings either official or unofficial at any level: civil servant level, ministerial level and/or head of state level.

None:

- The EU does nothing for Mercosur; there are no or almost no meetings and/or funding

The EU's level of *engagement* will then be described by the combination of the two categories, for example *low engagement* and *high ambition* would be a possible observed outcome. The *engagement* will then be considered against the identified interests of democratic assurance and environmental sustainability to evaluate the overall performance at the current time.

Original evaluation and “Third stage” of EU-Mercosur Relationship

In *The European Union’s policy towards Mercosur: Responsive not strategic* (2017), Gomez advances the argument that the EU-Mercosur partnership in all its political and economic forms has become the focal point of EU-LAC relations in the 21st Century. As such, her analysis places the current status of EU-LAC relations in a staged developmental process, with the first beginning with the 1986 accession of Spain and Portugal to the Union and the accompanying pronouncements to seek deeper relations with LAC. The first stage was characterized by standard political dialogue with the EU, and the second by deeper economic and inter-regional governmental relations and cooperation in various policy sectors. As of 2017, Gomez considered the partnership to be in the second stage under the Framework Agreement as the troubled negotiations wouldn’t produce the possible third stage document until 2019. With the analytical framework of strategic interest, Gomez noted a general rise in ambition from *low* in 1986, *moderate* in 1995 (the second stage) and *high* in the negotiations from 2004-2017. The EU simply did not expect much from its initial overtures towards LAC, and the creation of Mercosur coincided with a new interest and opportunity for inter-regional relations. Commitment measured at the first stage is *low*, due to the limited content and relational structure in those dialogue agreements. During the “golden years” of Mercosur *commitment* reached *high* as the Framework Agreement of 1996 produced multi-sector cooperation and recognizable inter-regional relations. Following this point, *commitment* is viewed as remaining *high* on the EU’s part, due to the continued interest of preferential and free trade agreements during negotiations.

In the next section I will evaluate the current state and major influences on the EU’s goals, behavior, and strategic approach through the text, policy implications, and current political

status of the finalized Association Agreement as it is pending ratification from the EU and Mercosur member-states.

Ambition

The status quo must be defined in order to contrast the degree of change envisioned in the policy proposals. The principle concern of this agreement is the reform of trade relations, tariffs, and trade barriers to maintain the relative volume, importance, and preferential status of the EU-Mercosur trade relationship. The conceptualization of the current status sees the EU's relevance as a trade partner reliably diminishing in the future relative to the United States and China, the latter of which has in recent years become the largest destination for Mercosur's exports (González 2019). To reverse this unfavorable trend, the EU has predictably fallen back to basic free-trade economic policies which have been the prevailing approach of trade relations. As such, the methods contained in this agreement to incentivize business relations, improve market access for EU products, and generally increase economic activity between European and Mercosur private actors are a negotiated set of strategic reduction of tariffs, trade barriers, and tariff-rate quotas. While this approach is not without significant opposition from EU-level and member-state parties, key political figures, and interest groups, this "solution" essentially advances the current parameters of the EU-Mercosur trade relationship.

The "ambitious" scenario, meaning the non-assumable but conceivably probable outcome of this agreement is the reestablishment of a significant level of cooperation with Mercosur on wider political issues beyond trade policy. These include but are not limited to the global climate crisis, democratic backsliding in the region, social inequality/poverty, and the "WTO crisis" which currently faces obsolescence and dissolution due to US obstruction (Walker 2019). These

are largely conceived of as transnational crises requiring significant intergovernmental cooperation for which the capacity and drive has been lacking in recent decades. Naturally, the material in the agreement itself only achieves these wider goals through optimistic implication. The agreement is crafted around the 2017 WTO Trade Facilitation Agreement and relies in large part on the body for its dispute resolution, standard-setting, and “defense instruments.” As such, it has been touted by Commission President Jean-Claude Juncker as a “real message in support of open, fair, sustainable and rule-based trade” and considered a strategic win for the body’s functionality and stature as an international regulatory body (Reuters, 2019). As to the secondary issue of climate and environmental sustainability, the EU’s press releases at this stage frontload the conditionality of the trade agreement on environmental protection, reforestation commitments, and CO2 emissions reductions in accordance with the 2016 Paris Agreement of which all member states are signatories (European Commission 2019). This is indicative of the adaptation of current sustainability standards and global attention on that issue to an agreement which has largely maintained the same parameters since the early 2000s (Baltensberger and Uri, 2019). Though the agreement itself contains a chapter on Trade and Sustainable Development with civil society consultation and assurance mechanisms for labor standards and fair practices, more substantial projects and measures of multi-level environmental protection are largely considered germane to other agreements.

The immediate action necessary to perpetuate the scenario in which solutions are achievable through these existing inter-regional partnerships, is to maintain progress, productive dialogue, and momentum within them. Hence, the Commission’s proposal hinges on the goodwill and cooperative spirit in line with previous agreements as well as new ones which may fairly be expected to result from the deal rather than crafting new standards within the FTA

itself. Given the persistence of the trade negotiations through multiple restarts and pauses, the substantial though not transformative content of the agreement in its current state, and the announcements of wider political and economic relations, I rate the *ambition* motivating “the largest FTA in history” as *high*.

Commitment

The *commitment* will describe the content of the EU-Mercosur Association Agreement in terms of the expenditures of the EU’s own resources, Mercosur’s relative gains, and the general investments to achieve the goals laid out in the *ambition* section. The main reciprocally justified trade-offs for this agreement are the liberalization, ranging from total to moderate, of trade tariffs on industrial products (100%), agricultural goods (82%), and adjustments of existing tariff-quotas on key Mercosur products in the EU market, to be completed in transition periods with maximums ranging 10 to 15 years. This is to be compared to the Mercosur’s own commitments to 90% liberalization of industrial imports and 93% of agricultural goods. The impact by sector is of particular significance to these calculations as in the EU markets, it will lead to the increased access gained by Mercosur’s agricultural goods and in the reverse by the EU’s industrial products, particularly automotive, machinery, and chemical. Notably, the EU’s protected domestic agricultural market maintains its subsidies and have not been revised in this agreement. As a trade-off, the EU is currently offering increases in tariff-quotas of several “sensitive products,” meaning those of particular importance to domestic producers, such as beef, poultry and sugar. The disruptive impacts of all of these adjustments are to be moderated by the implementation timetable coupled with the expected two-year ratification process as estimated by former EU Commissioner for Trade, Cecilia Malmström (Baltensperger and Uri 2019).

Further mitigating factors for the hangout on the part of the EU are the recognition of 350 geographical indications for EU products, as well as the food safety rules and standards for imports, which remain in place despite the disparity with Mercosur nations' own food safety regimes. Based on the manifest changes to the EU's own domestic agricultural market, moderated by a limited exchange of resources towards the partnership in this FTA and the dependence on earlier policy agreements, the *commitment* on the part of the EU is *high*.

Engagement

The *high* levels of *ambition* and *commitment* noted at this stage of the EU-Mercosur Association Agreement must be considered in the context of the main interests of EU activity vis-à-vis Mercosur. Gomez systematized these interests as positive/negative tests to outline functional EU interests and considered the following as the most prevalent: the global aspirations of EU, counterbalancing the regional influence of the US, and the desired role for the EU as an external federator vis-à-vis Mercosur integration. I will carry out the same tests of these interest formulations and then evaluate the agreement's influence on the basic EU foreign policy areas of democratic governance and environmental protection.

The first assumption for EU-LAC policy is that in the so-called "pursuit of actorness" to continually develop the EU global presence, the involvement with LAC and particularly Mercosur would also increase. This is proven to be accurate as ambitious development of EU political relations with various partners has continued throughout the 2000s-2010s, largely through trade and association agreements such as the Comprehensive Economic and Trade Agreement (CETA) in 2016 and the Global Agreement with Mexico which entered into force as of 2018. The EU has even maintained dialogue, trade, and civil society initiatives under the

EMIFCA in the absence of active trade negotiations. The EU-Mercosur AA therefore provides evidence of an active interest in the further development of regional relations, and demonstrates the positive correlation of foreign engagement in the LAC as a part of the general foreign relations strategy.

The second scenario is that if the motivation to counteract US involvement in the LAC region were particularly influential, then notable advancements in American relations would drive an increase in EU relations. This supposed relationship is not supported as the US has shifted its stance on trade in nearly every trade relationship with the introduction of the “America First” strategy under President Donald Trump in 2017 (BDI 2020). Through this protectionist strategy, the US has introduced new tariffs and trade barriers to imports such as steel and automobiles from its most important trading partners: China, the EU, and South Korea. The Trump administration also officially pulled the US out of negotiations for the Trans-Pacific Partnership (TPP) and renegotiated its most significant trade relationship, NAFTA, under more restrictive terms as the 2018 US-Mexico-Canada Agreement (Swanson 2020). Though the US remains a significant trading partner of all four active Mercosur member-states, it has fallen in aggregate to third place in gross GDP percentage behind China and the EU, and has not pursued inter-governmental trade relations with any of the regional partners since the failure of the FTAA negotiations in the early 2000s. As the US is no longer involved in a contest of regional economic governance models and has elected a general strategy of bi-lateral trade for the entirety of the LAC, the amount of direct US influence and interest which would contest that of the EU in the LAC has noticeably diminished in its ambitions and appears unlikely to constitute itself in another format. The EU has nonetheless continued progress on its EU-Mercosur relationship with the Association Agreement and as such, does not appear to be motivated by the need to

counteract the United States as a rival in the area. The situation is more akin to playing a different international relations game than competing offers on regional relationships.

Finally, the role of the EU as an external federator to support institutional integration of Mercosur as a political market project would presuppose that as the common market becomes more politically and economically integrated, the EU will increase the depth of its own relations with the group. As has been widely recognized, significant advancement on Mercosur market and political integration beyond loose confluence on the tariffs has not taken place since the early 2000s and a state of stagnation has set in, effectively halting all progress on integration, functional enforcement of trade standardization, as well as of most planned projects for sectoral normalization and technological development. Nonetheless, EU-Mercosur relations have continually developed, albeit with more resources spent towards strategic trade support than structural integration, though these initiatives have not been insignificant (Campos 2016). As such, the EU's reaction to Mercosur's lagging integration has been to increase trade and governmental relations despite the independent variable's inactivity, indicating an alternative motivation on EU policy at this point. This finding does not discount the prospect of Mercosur's own internal integration as an EU interest, rather, it indicates that the lack of progress from the Mercosur side has not discouraged or impeded the progress of the relationship itself.

These were the scenarios tested in Gomez' original analysis used to outline some of the key projects behind EU policy towards Mercosur and the LAC. In the next section I will weigh the overall efficacy of the broader goals of the EU's support for democratic stability and environmental sustainability within the EU-Mercosur AA.

Democratization and mutual assurance of its consolidation have been noted as key drives behind Mercosur's creation, yet, there is a significant lack of institutional structures or even legal

capacities to ensure democratic accountability within the common market. Though the Treaty of Asunción references the democratic nature of the project, a “democracy clause” to membership was only formalized with the Ushuaia protocol of 1998, following a military coup in 1996 in Paraguay. As has been noted, the next two decades of Mercosur’s history included the acceptance and rejection of Venezuela on these democratic standards, the stagnation of common market functions, and the incapacity of the parliamentary body to drive integration. As such, no real change has taken place in the nominal status Mercosur’s functions to promote democracy. For the EU’s part, the EMIFCA recognized democratic principles and human rights as the “essential element” of the relationship, yet mainly provided for inter-institutional cooperation largely focused on the development of market insertion through standardizations of legal and trade practices with little involvement in democratic consolidation. This follows a common thread of political non-intervention from the EU which has functioned from the initial intention in 1999 to eventually form political relations through an AA, yet in the meantime has privileged strategic trade and market assistance even above support for integration of Mercosur institutions.

Due to the inter-governmental structure of Mercosur, the democratic justification of Mercosur membership may only be leveraged through the hands of member-state presidents as such issues are entirely within the purview of national governments. Despite its expressed wider interests for regional development, the EU’s only leverage on the questions of democratic quality is through the normative partnerships of strategic and bi-lateral agreements with member-states, trade relations, and the reliance on international commitments unrelated to the regional partnership itself. Through this approach, the current situation in legal accountability and un-democratic behavior has deteriorated enough to question the coherence of EU internal policy and to threaten the feasibility of ratification of the long-anticipated AA.

Many of the objections of Members of the European Parliament, member-state parties, and heads of state surrounding the AA have been related to the controversial policies and activity of Brazilian President Jair Bolsonaro since his assumption of the office in 2019. As has been stated, Brazil is the largest and perhaps the most influential member-state in Mercosur and it also contains the Amazon rainforest, which in the context of transnational efforts of environmental protection, is an irreplaceable carbon sink for global oxygen production. Many aspects of the democratic order, environmental protections, and human rights of citizens and indigenous populations appear to be in a state of peril under the Bolsonaro administration, which has discounted federal support and legal protection for indigenous people's groups as well as refused to halt illegal logging and mining operations in the Amazon. Over the course of the first months of 2019, the governmental agencies responsible for environmental and indigenous lands protection were absorbed into the Ministry of Agriculture and predictably, deforestation rates rose to their highest rates in a decade. Multiple NGOs concerned with Amazon conservation and indigenous rights registered no less than fourteen indigenous territories "under attack" by "armed land-grabbers," by March and have voiced charges of complicity on the parts of the federal government as well as the EU Commission in the midst of the promotion of the EU-Mercosur FTA (*Fern, 2019*). In August, a rash of likely intentionally-set wildfires provoked a combative response of denial, accusation, and invective on the part of the President which in turn, led the leaders of Ireland and France, as well as the Austrian Parliament to announce that they would all exercise their veto power and reject the AA on the grounds of irresponsibility demonstrated by the far-right president (*Oltermann 2019*). This political conflict extends beyond the EU's tangential relationship of implied approval for the Bolsonaro administration however, as the

tolerance of his administration's approach of willful dereliction of environmental protection brings the functionality of the entire agreement into question.

The environmental aspect of the AA currently hinges on the conditionality of the 2015 Paris Climate Agreement and the 'precautionary principle' standard in its Trade and Sustainable Development chapter. Neither of these mechanisms contain sanctions and it is unclear if these standards will remain in the final text of the agreement or whether the latter will be functional within a state governed by the current administration. President Bolsonaro has publicly threatened to remove his country from the Paris agreement, battled with environmental NGO's in his country whom he accused of setting the infamous Amazon fires, and asserted at the United Nations General Assembly that the Amazon is the sole property of the Brazilian state and not the "heritage of humankind" (Anderson 2019). These represent an encompassing perspective that interprets cooperation on environmental issues by NGOs and foreign governments, even those in privileged partnerships such as the EU, as points of leverage limiting the nationalist capacities of the Brazilian state. Cecilia Malmström however, a key negotiator for the AA, has claimed that the FTA functions as a way to "anchor Brazil in the Paris Agreement," and should not be viewed as an endorsement of all the President's policies (Climate Home News, 2019). Any estimation of the Bolsonaro domestic political project's impact on deforestation alone would make reaching the Paris emission reduction goals impossible, and it's unclear whether the legal status of any climate agreement will even be functional at this time. A complicating factor is that President Bolsonaro is one of Mercosur's most ardent voices in favor of swift implementation and plans to ratify as soon as possible (Iglesias, 2019). Simultaneously, the president has threatened to end the entire Mercosur relationship if the new Peronist administration of Alberto Fernández in Argentina attempts to amend or reject the agreement (Burchard 2019). As such, the president

clearly weighs the potential economic benefits from EU market access above environmental protections, inter-regional cooperation with the EU, or even the continued existence of Mercosur.

For EU actors, a clear path forward to both ameliorate its partner-regime's behavior and to maintain the momentum on this agreement is not apparent. The position of the new Von der Leyen Commission is vague at best, apart from unquestioned support for the AA. This situation is currently playing out in the context of the "mainstreaming of climate concerns across all EU policy" through the Commission's mandate for an "EU Green New Deal," the declaration of a global climate emergency by the European Parliament in 2019, and the stated goal of emissions neutrality by 2050 (Colli, 2019). A reworking of the FTA with newer conditionality mechanisms and anti-deforestation measures is not unlikely given that the agreement will not be passed in its current form for a number of years, yet the impact on net emissions reduction in line with the Paris Agreement remains doubtful (Rankin 2019).

These problematic situations for Brazilian human rights and democracy have been developing over the course of the last half-decade, following the impeachment of former president Dilma Rousseff and the incarceration of former president Lula da Silva prior to the 2018 presidential election. Based on the limited structure of both Mercosur and the EU's inter-regional partnership, the most effective official response from within the EU has been a renewed push for deeper trade relations through the AA. This demonstrates the primacy of trade and economic capacity-building as the main strategic point of influence for the EU vis-à-vis the public behavior of the Brazilian president as it appears that normative influence has failed to properly incentivize moderation or to ensure censure of embarrassing public extravagances.

At the current "agreement in principle" stage of the EU-Mercosur Association Agreement, it appears that the EU is motivated mainly by the deteriorations of fundamental

policy goals rather than by constructive efforts to meaningfully expand the partnership. Despite the noted *high* levels of *ambition* and *commitment*, from the EU, the advancement of the whole relationship is at this point driven chiefly by reactivity to the worsening state of human rights, democratic quality, and environmental protection in the region. While the EU may find itself facing a particularly tumultuous point in the political and economic life in LAC, policy formulation from a reactive rather than proactive standpoint has become a determining factor on the scope and influence of the entire political partnership. These are drastic signs for the stability of both the EU-Mercosur partnership and EU normative foreign policy which has proven incapable of reinforcing regional partnerships or even exercising conditionality on the basic values of democracy and environmental stability.

CHAPTER FOUR: CONCLUSION

EU-LAC foreign policy has largely been characterized in this paper as limited in efficacy and reactive in the strategic approach to its many undertakings both in pursuit of its own interests and in addressing longstanding political and transnational issues of the region. I have described the origins, legal formats, and evolutionary processes of this area of EU policy to identify its overall contribution to the current array of diverging initiatives and political projects of the national governments and regional organizations in Latin American. Through this analysis, I've isolated the EU-Mercosur relationship as uniquely reflective both of the EU's conceptions for the application of its normative power relations and of its inter-governmental systemic logic recreated amongst another group of nations motivated by the same collective benefits of market and political cooperation. The complications experienced by this partnership since its inception demonstrate the weaknesses in its theoretical assumptions, priorities, and functional application when faced with the shifting and often volatile circumstances of economic and political life in recent decades.

Though the ideological and structural bases for inter-regionalism as EU foreign policy are substantial and still enjoy a certain consensus, its sources and mandates are largely fixed in their current formats due to the status of political integration since the Lisbon Treaty. The normative power-focused plans for the long-term development of inter-regionalism often pre-supposed that the internal political forces driving deeper political integration as well as their economic benefits would only increase or at least remain consistent in the EU as well as in other organizations

where they were implemented. The supposed sustainability of the political and economic model of the late 1990s was essentially ended with the economic crises of the 2000's and could not prevent the subsequent divisions of political interests and the general reduction of ambition around nearly all foreign political and economic projects. As such, despite the advancements of EU foreign relations within the same policy paradigm taken in the following years, the generally positive developments towards EU trans-national goals have gradually become less attributable to an exercise of its growing political influence. This calls into question the degree to which "actorness" may be achieved and exercised in the EU's current form and to what degree the rise of populism and unilateralism as well as the weakening of internal Union project through Euroscepticism further alienate EU values from global political reality.

For the Mercosur project, the internal ambition for political integration of the 1990s was all but ended with the economic and political crises of the early 2000s in the major states. Since this point, a unified vision amongst the member-states has been all but impossible to achieve amidst the stark divergences in socio-economic plans of national governments, further economic and political crises, and the successive accessions and removals of controversial state partners. In this context, the Mercosur institutional structure has proven incapable of either enforcing common economic policy or of even resolving inter-state trade disputes, let alone safeguarding the democratic accountability and rule of law against high-level political corruption, malaise, and populist nationalistic obstruction.

The practical application of inter-regionalism in the EU-Mercosur relationship has mainly produced a convoluted set of inter-governmental relationships with limited direct influence on state behavior and few of the political functionalities expected from regional organizations. Nonetheless, this unenviable situation has not significantly reduced the wider goals envisioned

for the partnership by the EU, as evidenced by the progress on the EU-Mercosur Association Agreement which would fulfill an official policy goal of nearly two decades. In this area, I believe the Union's ability to transmute its own historical achievements to select nations through cooperation and trade are often simply overestimated due to the complications of economic development, member-state socio-political projects, and competing foreign relations models in Latin America & the Caribbean. The political relationship is nonetheless at critical juncture with the Association Agreement and the impact of its success or failure will determine whether the EU achieves a deeply flawed advancement of its agenda with one of its oldest partner organizations or if the ambitions of its global outreach will become even more alienated and unresponsive to the material realities.

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