



Documento de Trabajo

Working Paper

Relations Between Europe and Latin America: In Search of New Agendas and Formats

Günther Maihold

5/10/2007

Working Paper 43/2007

Relations Between Europe and Latin America: In Search of New Agendas and Formats

Günther Maihold

Summary

The countries of Europe, Latin America and the Caribbean, seen traditionally as ‘natural partners’ and linked by a ‘strategic partnership’, have developed a new network of contacts and exchanges in tandem with the EU’s new role as a global player. But these relations between Latin America/Caribbean and the EU seem to have entered into a phase of stagnation.

Introduction

The countries of Europe, Latin America and the Caribbean, seen traditionally as ‘natural partners’ and linked by a ‘strategic partnership’, have developed a new network of contacts and exchanges in tandem with the EU’s new role as a global player. But these relations between Latin America/Caribbean and the EU seem to have entered into a phase of stagnation. The situation has prompted the European Commission to reconsider the way it deals with a subcontinent that has moved into an era of growing diversity.¹ In order to boost ties with Latin America and the Caribbean, a region that brings together a large number of countries that are traditionally close to Europe, the EU has developed a web of special dialogue, forms of partnership, modes of access to the bloc and summits. It does all of this fully aware that, of the world’s regions, Latin America and the Caribbean is the one that has opened up most to the EU ‘inter-regional’ strategy.² In other words, it seeks a presence in international politics on the basis of arrangements very similar to the European experience with regionalisation.

However, in recent years the established arrangements for subregional integration have been in a situation of deadlock or reorganisation, so the EU is starting to need privileged and quality interlocutors in Latin America. At the same time, association agreements signed with Mexico (2000) and Chile (2002), which are in force, have not shown the dynamism that had been expected. As a result, it is clear that the EU’s desire to try to establish ‘NAFTA parity’ for European companies in these countries does not seem to be ambitious enough an incentive for substantial exchanges with Latin American counterparts. An essential tool for giving new momentum to the network of relations between the two regions has been summits of chiefs of state and government of the two sides, aspiring to high-profile, political accompaniment in a context of growing turbulence in international politics. However, this interest seems dominated by the perception of a growing split between objectives, results and resources earmarked for programmes announced by the Presidents. So it is a good idea to revise possible lines of action to reorient relations between the two regions.

Presidential Diplomacy: The Preferred Method in Relations between the EU and Latin America and the Caribbean

The decision to broaden the format of contact between the EU and Latin America/the Caribbean to an arrangement of presidential summits stems to some extent from France’s idea to place EU-Latin American relations on the same level as the summits held by the Latin American countries themselves. In this way the EU added a new element to the channels of special dialogue that already existed at the sub-regional level with Central America (the San José process), the Community of

1 Freres & Sanahuja (2006).

2 See studies in Grabendorff & Seidelmann (2005).

Andean Nations (CAN) and MERCOSUR, in addition to bilateral contacts with Chile and Mexico. If the idea behind these summits was to offer an opportunity for direct, personal contact between leaders, allow for flexibility beyond the established mechanisms of diplomatic bureaucracy and provide opportunities to generate new ideas and set up large audiences for issues of international interest³, then these goals have been achieved only partially. The mere number of people attending the summits (34 representatives of Latin America and the Caribbean and, starting in 2007, 27 from the EU) makes it very difficult for leaders to establish personal relationships and air new ideas in a context of greater flexibility. Rather, it seems that the classic bureaucratic style of multilateral meetings is taking over these summits, sometimes limiting their effects to short-term media attention. The “summit effect” has been considered an essential element for promoting political, economic and cultural cooperation between the two regions, and as a direct consequence of this the number of issues to address is rising constantly. The immediate effect of this presidential diplomacy has been a centralization of foreign policy in the hands of presidents or heads of government with a politically headstrong nature, and the dramatic result has been that, in the absence of effective follow-up mechanisms, it has been up to the European Commission to take on the political costs of the impression shared by many that there is no real policy behind all the talk.

It should come as no surprise that alternative groups have held parallel summits and fueled a feeling of opposition to the formal, full-blown ones. Therefore there is a need to reformulate the overall network of relations between the two sides in this “strategic partnership.” For this, the criteria that have been proposed are those of relevance, efficiency and organizational modalities⁴. In the EU-Latin America case, Félix Peña has detected the absence of “a common thread in the strategy followed by the two regions in the building of a transatlantic space.” Although one can consider a meeting of 60 heads of state or government to be important, one must also acknowledge that the decisions that come out of the summit have not had impact on the international scene or served to fashion the decisions of multinational companies. There has not been much efficiency in the implementation of the agreements reached, if one refers to the case of trade talks between the EU and MERCOSUR, which had been expected to conclude successfully in 2004. Following up on the commitments undertaken by the two sides (even though they may attend meetings in different capacities, as a union or states with little coordination in their foreign policy) is therefore a key element. It is also important to carry out an institutional overhaul in order to achieve higher levels of efficiency in presidential diplomacy.

Fundamentals and dynamics of the biregional relationship

The reference to common norms and values as pillars of the relationship between the EU and Latin America/Caribbean has become common, reflecting the absence of more concrete foundations in the biregional relationship. The Madrid Summit (17-18 May, 2002) had sought to set out in an 83-point document these agreements as norms that should be points of departure for its deliberations. However, the call that the 54 heads of state or government meeting at the summit in Guadalajara, Mexico on 28-29 May, 2004 made with regard to multilateralism as the anchor for union between the two regions quickly vanished because of the negotiations on reforming the United Nations. Neither the European Union, nor the countries of Latin America and the Caribbean managed to make common proposals. Rather, subgroups dominated by national interests formed, and these were a far cry from the stated common denominator in Guadalajara.

So the strategic partnership between the EU and Latin America and the Caribbean is not deep-rooted enough for other global players to see it as having a major international role, above and beyond its symbolic importance. This diagnosis also reflects a situation of transition which the relationship is going through: since the first summit in Río de Janeiro on 28-29 June, 1999, both the

3 These elements developed by Whitehead & Barahona de Brito (2005), p. 17.

4 Peña (2005), p. 32.

internal dynamics in the two regions and the institutional framework in which the summits were to be held have changed. Opposing dynamics are detected because these are two collective players whose internal movements correspond to different chemistry as far as centripetal and centrifugal forces are concerned. While the EU has faced difficulties in the prolonged and continuous process of enlarging to 27 members -- a process that featured an explicit call to consolidate internal mechanisms before taking on new members -- in Latin America centrifugal forces seem to prevail, not just with respect to the existing regional entities (especially MERCOSUR and the Community of Andean Nations), but also with regard to what are the right models for development and state action that will raise people's living standards. The growing polarization between the followers of Hugo Chávez and the pragmatic line followed by Bachelet in Chile and Lula in Brazil involves tension that threatens prospects for a consolidated international presence for the countries of Latin America.

Among the factors that changed the internal dynamics of the players involved we should mention these:

- the EU's enlargement from 15 to 27 members has stirred debate over the point at which future enlargement could clash with needs for internal consolidation of the bloc's internal processes. Such a situation could lead to a phase of greater introspection in Europe, limiting its external interests to its own neighbors and the poles of dynamic development in Asia.
- The lack of pro-integration dynamics in Latin America and the Caribbean; both MERCOSUR and the Community of Andean Nations (CAN in Spanish) have entered into deep phases of reorganization as a result of Venezuela's decision to leave CAN and join MERCOSUR. At the same time, the Central American Integration System is not at its best because of the process of ratification of the CAFTA-DR free trade agreement with the United States, which has triggered resistance in many countries. The effects this will have on the region are hard to calculate.
- A growing mix of political and ideological orientations has been spreading through Latin America due to the so-called populist trend that emerged in many South American countries in elections held in 2005 and 2006. This new dynamic has resurrected debates and conflicts from the past over the role of the state, the quality of leadership and the direction of the region's economies.
- The failure of the Free Trade Area of the Americas (ALCA in Spanish) proposed by U.S. President Bill Clinton in December 2004 at a summit in Miami. To some extent this plan had served as a competitive model for the EU as it worked to avoid losing more influence in Latin America.
- The de facto suspension of the so-called Washington Consensus, which had shaped economic policy in the Latin American region into a common pattern. For better or worse for the policies designed under this consensus, it led to development of solid international policies, even if the effects for everyday people were negative and these policies are now in the process of being rectified and corrected delays in the reaching of possible accords at the Doha round of talks within the World Trade Organization. This did not help lighten the biregional agenda with regard to trade and investment issues requiring a multilateral arrangement.
- The emergence of China as an attractive partner for economic diversification, especially for the countries of South America. Unlike the EU, China has not attached implicit or explicit conditions on its offers of cooperation.

Transformation of agendas and formats of biregional summits through presidential diplomacy

The summit process has had contradictory effects for the advancement of biregional relations. On one hand it has given high visibility to ties between the EU and Latin America and the Caribbean. But it has also led to “ad hoc multilateralism”, the result of politically headstrong behavior that is typical of this kind of high-level event, and this in turn has produced a wide gap between words and action.⁵ A process of these characteristics has to aim to achieve high levels of efficiency, a focus on workable agendas and processes that are both transparent and effective. A quick review of past summits gives an idea of the abundance of agendas and formats.

The Rio summit of 1999: open agenda and format

The Rio Summit (1999) had been driven by an interest to cover all possible aspects of bilateral relations, from politics to economy, culture and education, with explicit omission of the security issue, especially military cooperation. The meeting ended with the Rio Declaration, a 69-point document that set general principles for relations between Europe, Latin America and the Caribbean, and a document called “Priorities for Action” which established 55 priorities in all of the areas that had been debated. It became clear quickly that this agenda was not workable, especially because the summit process has no secretariat for follow-up. Rather, the executive functions are carried out by the European Commission. A biregional group of senior government officials was created in 1999 at a meeting in Tuusula and it grouped the priorities spelled out in Rio under 11 general sections. The idea was to have a consolidated agenda for subsequent summits. The goals outlined in the Tuusula agenda were to cooperate in international forums, protect human rights, promote the role of women, cooperate on the environment and in event of natural disasters, fight drug trafficking and illegal arms trafficking, encourage the establishment of a stable and dynamic economic and financial system at the world level, promote trade, cooperate in the areas of teaching, university studies, research and new technologies, protect cultural heritage, establish a common initiative in the area of the information society and support research, post-graduate studies and training in integration processes.

Despite this initiative to reduce the possible areas of cooperation and dialogue, the countries of Latin America and the Caribbean showed great interest in moving ahead with the EU in negotiating free trade accords. The European Commission and Council responded to this interest with an offer of Association Agreements that would include free trade, political dialogue and development aid. Mexico became the first country to conclude the negotiations, and in October 2000 the Association Treaty between the European Union and Mexico took effect. Aside from economic negotiations, the European Commission placed special emphasis on developing programs to defend human rights (focusing especially on People’s Ombudsmen), the information society with the @lis program and the issue of social inequality.

The Madrid Summit (2002): Working the Fundamentals

The Madrid Summit (2002) was characterized by an interest in advancing discussion and debate in order to consolidate and concentrate the biregional agenda. It was decided to reduce the number of issues to be dealt with, choosing to focus on democracy and security (the issue of greatest interest after the September 11, 2001 terrorist attacks in the United States); how to boost multilateralism and regional integration, social equity and sustainable development and cultural diversity and modernization. An evaluation report presented at the summit⁶ details the activities carried out since the previous summit. However, the results tended more to reflect advances with regard to contacts and events. So the report highlights a lack of operational capacity in the agreements reached at the summit level. Still, the summit produced an 83-point declaration on “common values and positions”

5 Aravena (2000).

6 http://ec.europa.eu/world/lac/conc_es/infev.htm.

which can be considered at first glance as a formulation of the foundations of this very special relationship driving the strategic partnership. The text contains elements of this nature. However, most of them correspond to definitions of the political atmosphere, points that were already explained in other international forums, so nothing specific stands out about the relationship between Europe and Latin America. One might consider the greatest achievement at the Madrid summit to be the conclusion of negotiations for the Association Agreement between the EU and Chile. After the accord with Mexico, this activated another comprehensive agreement featuring a free-trade clause.

As for the format, one can discern a wide range of events and activities before and after the summit which displayed the interest of other parties in offering their ideas at the presidential meeting. Although they still lack the features of “parallel summits” and to a large extent stem from initiatives by the European Commission itself and the host government, these forums mark a first attempt broaden the deliberations to include non-state players.

The Guadalajara Summit (2004): Shrinking the agenda and a new format

After taking in 10 new members, the EU attended the 3rd summit in Guadalajara, Mexico with representatives of 25 member states. This made it hard to establish personal contact among the heads of state and government because if each guest had simply attended and spoken for 10 minutes, there would have been a 10-hour, non-stop marathon of speeches.⁷ This enlargement made it essential to modify the format of the meeting, so it was decided to form issue-specific working groups so as to allow all 58 leaders to participate in the debates. A third of the members of the United Nations were attending this summit, so it could have carried major weight on the international stage. But the forum failed to acquire this influence because of persistent problems seen at earlier meetings. The innovative idea of holding debate at six round tables, three for each of the pre-defined issues (multilateralism and social cohesion) opened up enough space for the dignitaries to speak, but did not allow them to move toward more tangible results. The final statement of 104 points, 30 of which referred to multilateralism and 65 to social cohesion, was again an expression of the difficulties in relations between the EU and Latin American and the Caribbean.

The Vienna Summit (2006): a transitional summit?

In the largest meeting of heads of state or government in Austria's capital since the Congress of Vienna in 1815, 58 dignitaries gathered there for the 4th summit between the European Union and the countries of Latin America and the Caribbean on 11-12 May, 2006. Taking part in this meeting were the secretary general of the United Nations and representatives of regional organizations, the president of the European Commission and four of his commissioners, and the president of the European Parliament. With this kind of turnout, it should come as no surprise that the Vienna Declaration was composed of 24 pages and repeated accords reached at earlier summits, without being able to resolve the underlying problems.

With more than 250 bilateral meetings in three days, the results could be summed up in the words of Austrian host Wolfgang Schüssel: “everyone talked to everyone.” The request by the leaders that the biregional process produce results and not get bogged down in speeches reflects dissatisfaction with the format of the summits, which will have to be reformed in order to improve the process. Despite this concern, the Vienna Declaration did not manage to define a U.N.-style road map for strategic partnership. It included particular points of interest but did not advance toward a framework and common message of general characteristics.

7 Whitehead & Barahona de Brito (2005), p. 16.

Although EU-Latin American trade reached a record 125 billion euros in 2005, commercial exchanges between the two regions remain at modest levels. Of all of Latin American trade, the EU accounts for just 12 %, and Latin America has only a 5.6% share of the EU's trade volume. This situation lags far behind the dynamics that exist in other markets (especially trade with China and other countries of Asia). The grand goals of strategic partnership sought by Europe and Latin America and the Caribbean are hard to detect in this scenario. The EU-Latin American Business Forum, held as a side meeting for business leaders, urged leaders to set as an objective the doubling of biregional trade by the year 2012. But the leaders did not include such a commitment in the final statement.

The decision to start negotiations on an Association Treaty with Central America and possibly with the CAN expresses a clear message as to the interest in extending free trade between the two regions. The Business Forum's suggestion to double foreign investment by the year 2012 was not embraced by the presidents. This comes as no surprise, given the recent nationalizations in Bolivia and the pressure exerted on foreign investors in some countries of the region. Criticism of "easy populism", both from Mexican President Vicente Fox and the president of the European Commission, José Manuel Durao Barroso, took aim at the policies followed by Hugo Chávez, Néstor Kirchner and Evo Morales. But soon this criticism was accompanied by a statement issued from Europe to the effect that the bloc did not want to exclude these countries.

Not much interest was stirred either by Spain's call for more collaboration from middle-income countries to achieve the Millennium Goals, which seem to get further and further from being met. The Vienna Declaration also made only a very lukewarm mention of the pending negotiations between the EU and MERCOSUR for an overall trade agreement; it only said that both sides "give negotiators a mandate to intensify efforts to advance in the negotiation process." In this way it is evident that the process is deadlocked and subject to talks in the WTO, and will recover its dynamism only when debate is concluded in this multilateral forum (one way or another). From it there might emerge a biregional negotiation that is more committed to reaching an agreement in 2007, but there is the added complication of having Venezuela as a new member of MERCOSUR. And it is not clear what time frame Venezuela has for embracing MERCOSUR's regulations and modifying its external tariff duties.

Over and above the biregional agenda, some issues did draw a consensus. It is noteworthy that for the first time a statement issued at an EU-Latin America summit made direct mention of Cuba and the Helms-Burton Law over the extra-territorial effects of U.S. trade policy. This can be interpreted as an important victory for Cuban diplomacy, which centred its attention at the summit almost exclusively on this issue. It will be important to observe how the EU defines a common position in the face of the internal dynamics that could arise in the Castro regime when the EU's policy comes up for a review.

The Vienna Declaration's mentions of the energy issue are also important. On one hand the leaders acknowledged the right to use nuclear energy for peaceful purposes, an issue of interest given the plans announced by Brazil. But they also referred to the energy grid connection plans announced by Argentina, Brazil, Colombia, Mexico and Venezuela, and called on international and regional financial organizations to encourage investment in this project. It is here that a test will be made of the willingness of the countries involved to offer sufficient guarantees to possible investors from outside the region in the establishment of these networks. Finally, a plan was announced to extend ministerial and inter-parliamentary cooperation with the convening of a meeting of environment ministers from the two regions and acceptance of a proposal from the European Parliament to create a Euro-Latin American Parliamentary Assembly.

The European Commission's Proposal – on the way to an enhanced partnership?

All these results fall far short of the proposals the European Commission had outlined in its “Communication to the Council” in December 2005. Entitled “A strengthened partnership between the European Union and Latin America”⁸, it was issued prior to the Vienna summit and aimed to introduce a differentiated approach for its colleagues from Latin America and the Caribbean by giving more presence “to emerging countries which play an increasing role in the Latin American region and at the world level.” With this orientation the commission acknowledged that the earlier approach of strict inter-regionalism no longer suited the new dynamics of Latin America and the Caribbean. This is not just because of the centrifugal forces that exist currently, but also because of the mere fact that the negotiations that began in 1999 with MERCOSUR have yielded no results so far. This made the EU’s relations with Brazil contingent on a future accord. With the new focus the commission aims to energize its relations with the South American giant, which it called “a country for which the Union only has meager structures for bilateral dialogue that are lacking a political dimension.” Recognizing the growing diversity of Latin America as a reference point and acknowledging the existence of new institutions such as the South American Community of Nations (CASA in Spanish) the idea is to broaden instruments of exchange in formats that are more flexible and country-specific. The commission thus foresees “more individualized relations with certain countries on specific policies and through dialogues with better-defined objectives. At an operational level, the desire is to use political dialogue to enhance exchanges at the level of senior officials, both in the troika format and with certain countries, depending on what is needed. With its communication the commission aims to “reaffirm that the Partnership with Latin America is not just evidence but also an imperative in the interest of both regions, now and in the future. But if Europe is prepared to increase its commitment to Latin America, it expects the latter to respond with a strong commitment.”

This last statement in particular is a clear signal to the EU’s counterparts in Latin America for them to take on a more coordinated and ambitious internal commitment in order to match the intentions of the EU. However, the absence of a response from Latin America in the sense that was expected seems to be driving the European bid for a more differentiated offer of exchanges -- one that does not just seem to reflect the new reality of middle-income countries or “anchor countries” as an expression of the new heterogeneity of Latin America. Rather, in an analysis of the motives for this expression of European discontent one would have to include Europe’s acknowledgment of its failure to impose a rigid model of inter-regionalism given the characteristics of regionalism in Latin America.

In its response to the communication by the commission, the European Council, in its session No. 2711 of 27 February, 2006, accepted the two central proposals of the commission on the universal criterion (not excluding any region or country) and its differentiated character. The council said it “recognized the need for genuine, well-adapted political dialogue with the region as a whole, with the diverse sub-regions, and with individual countries, using existing structures as much as possible.” At the same time it accepted the commission’s proposal to hold efficient sectorial dialogue, especially on issues involving the environment and social cohesion. This statement also stems from an interest in achieving a greater level of coherence, coordination and complementarity on the issue of development aid – a key source of frustration among both Europeans and Latin Americans because of a lack of coordination between EU programs and those of member states.

Thematic innovation: evolution of the concept of “social cohesion”

Introduced as a central issue at the Guadalajara Summit (2002), the concept of *social cohesion* has drawn an unexpected amount of attention at Euro-Latin American forums and, beyond these, as a new formula for orienting cooperation. The final statement at the Guadalajara refers to it in its point

⁸ European Commission (2006); the proposal does not include the Caribbean.

No. 39, trying to embrace it as a common denominator for fighting poverty, social exclusion and inequality – phenomena to which both sides want to dedicate their greatest attention. In Latin America, the EU's mention of this idea was seen as signaling the possibility of the bloc's extending its policies of structural and cohesion funds to the Americas on the basis of an enlargement of the European social model. However, it quickly became clear that Europe's intentions did not point in this direction. Rather, it aimed to focus on inequality in the region in the context of the Millennium Development Goals. Therefore the EuroSociAL program proposed by the European Commission is of very short scope in the exchange of experiences among government agencies responsible for administering justice, education, employment, tax policy and health. In its programming for cooperation, the EU has singled out this issue as a fundamental one in its budget. With funding of 36 million euros, the budget for this program seems rather modest. Latin America is worried that the EU might be trying to use this issue as leverage in the free trade negotiations.

So far efforts appear to be under way to achieve consensus on social cohesion because even though it is often mentioned, the idea lacks a clear definition. Interest in using this debate to support Latin America and achieve greater domestic social balance is quite timely, if it is possible to fund these initiatives with sufficient resources and binding commitments from European and Latin American governments. The political nature of the issue is clear, if one takes governments' positions seriously. Therefore, if it were possible to shift the current debate to a conceptual and operational consensus in the framework of European and Latin American relations, there might emerge from this “partnership” an important added-value that is recognizable in international relations. The way this issue is treated in the future will be key to how Euro-Latin American relations develop.

Innovative elements with regard to format: more forums for debate

The Vienna Summit expressed a new reality. The pre-summit process and the massive turnout at the parallel events added a new element to this gathering of leaders. With some 10 pre-summit conferences organized by the European Commission, the European Parliament, member countries and organizations from civil society, many activities were staged that aimed to accompany the summit process and take on a certain role in defining beforehand the agenda and issues to be discussed. Unfortunately, so far all this has been done in a very informal and not very clear way in terms of who is invited, and these events are not strictly linked to the decision-making at the summit. So in the future it will be essential to find some kind of channel for these meetings to be connected more visibly with the deliberations of the leaders themselves. The first Euro-Latin American Business Forum and an alternative summit (it was called a “Social Gathering Linking Alternatives”) which was attended by the presidents of Bolivia and Venezuela and the vice president of Cuba gave a different tone to the routine diplomacy of summits. Following the example that the president of Venezuela set at the Summit of the Americas in Mar de Plata, Argentina by linking the official meeting with his participation in the alternative summit and thus attending simultaneously to contradictory agendas, it has become clear that the political staging of these events has been a key element. This is due to a large extent to the loss of intimacy among the presidents themselves. They barely manage to engage in conversations (aside from their bilateral talks) in a format of working groups, which was implemented for the first time at the Guadalajara summit in 2004. Because of the interest of the leaders of Bolivia, Cuba and Venezuela in making an impact on alternative audiences and media, a “double agenda” for the summits (official and alternative) has been established. This desire means Europe has to think about its procedures for dealing with Latin America: this new factor in the Euro-Latin American process involves reworking the concept of summit diplomacy. Excess political zeal for “ad hoc multilateralism” has given rise to a double summit arena and double agenda, undermining the legitimacy of the deliberations that take place during the summit process. Agreements reached are losing their already tenuous binding nature, and they lend themselves to contradictory readings and re-interpretations. In order to halt this tendency, it will be necessary to enhance the character of the commitments undertaken by the parties and design ways for them to be executed.

However, it is clear that the Euro-Latin American process has to open up to the interests of civil society in its various expressions: a deliberative format like the one the EU held with the European Constitution could be a way to advance in the Euro-Latin American framework, keeping in mind that this model would not only enrich and broaden the debate but also accentuate the risk of conflict.

Elements of disruption: internal conflicts in Latin America

This time protagonism went to the countries of Latin America and the Caribbean in terms of displaying the domestic, centrifugal forces of the subcontinent. It seemed like Vienna was hosting a Latin American summit on European territory. This meant that occasionally debate with the European Union was only of secondary importance; the bloc simply had to sit back and observe the internal arguments of the Latin American countries. Despite what had been planned, nationalizations in Argentina, Bolivia, Ecuador and Venezuela became the central issue at the summit, not just with regard to the European countries directly affected (Spain and France), but also the neighboring countries of Bolivia that were surprised by the measure announced by President Evo Morales on 1 May, 2006. In the same way the new dynamic of the “Latin American left” had repercussions for the cherished goal of the Community of the Andean Nations not to miss an opportunity to start negotiations with the EU on an association agreement, to which Bolivia consented at the last minute, but on condition that a common position would not be defined until late July. Venezuela’s departure from the CAN and a similar statement from the Bolivian government to the effect it wanted to quit this sub-regional forum for integration left the rest of the member states – Colombia, Ecuador and Peru – in the difficult position of seeing themselves cut off from the treatment the EU decided to give to Central America as far as an announcement of bilateral negotiations on an association agreement. This step would have denied them a more systematic link with the EU for future years. In the Central American case the EU achieved its objective of advancing with its idea of inter-regionalism in its ties with Latin America and the Caribbean. Panama had to declare its intention to become a member of the Central American integration organization SIECA in order to be considered as part of a strategic partnership between the EU and Central America. With this decision the European Council can move ahead in defining a mandate for the European Commission with the goal of launching meetings to negotiate a biregional Association Treaty.

The same palpable sensitivity among the Latin American participants was perceived in conflicts between the president of Bolivia, Evo Morales, and the outgoing president of Peru, Alejandro Toledo, and the absence of contact between the presidents of Argentina and Uruguay. Argentine President Néstor Kirchner took up environmental issues and criticized Europe in the paper mill dispute with neighboring Uruguay, saying it had sent companies that would cause pollution and disrupt relations with its neighbor. The Argentine-Uruguayan dispute also meant that the meeting with MERCOSUR could not be held at the presidential level and had to be replaced by one with foreign ministers.

The protagonism of Hugo Chávez and Evo Morales

Latin America’s presence at the Vienna summit was marked by rivalries between nations. The European side tried to show interest in giving a higher profile to the new president of Chile, Michelle Bachelet, pointing to her country as a model for political and economic success and one that, in the words of Austrian Foreign Minister Wolfgang Schüssel, is moving “in the right direction.” The rise of 115% in trade between Chile and the European Union in 2003 and the growth of European investment in this country – to a total of 60% of all foreign investment in Chile – is for the European Commission proof of the success that an overall agreement with the EU can bring. The Chilean president called attention to her country’s participation in the European military contingent in Bosnia and the presence of the United Nations in Cyprus, describing the EU as her country’s most important partner outside Latin America. However, the summit could not reflect this

Chilean example or showcase its president among all the other Latin American leaders. Although Europe supports it, the search for an “influential role” for that country in the Latin American region is for now limited because of a variety of conflicts Chile has with its neighbours.

Meanwhile, much attention was drawn by the presence of Hugo Chávez and Evo Morales. They made clear that they had no plans to yield to criticism of their political model. Rather, they proclaimed an end to “neo-liberalism” and focused on the innovative trends they have devised in order to define the future of their peoples and the subcontinent. In summary, one can discern that pro-market discourse has been banished from Euro-Latin American summits and replaced by the conviction that, in the words of the president of Peru, “poverty conspires against democracy”. This reopens debate on the idea of democracy in the region. A paragraph on democratic development in the final statement issued at the Vienna summit is noteworthy: “We reaffirm that, although democracies share common characteristics, there is no single model for democracy and it is not exclusive of any one country or region.” This assertion can only be seen as odd given the much-publicized sets of values that exist in the two regions. It seems that on this issue a channel of discussion is being opened between Europe and Latin America so as not to stray from their common values. Observers were not surprised that criticism of “populism” did not show up in the final statement. Nor were they shocked by Brazil’s call for Europe to cut farm subsidies and give a political boost to the negotiations within the World Trade Organization. However, it is very clear that the distance in multilateral trade issues between Europe and Latin America, led here by Brazil, are still great. Brazil’s leadership in South America is weakening and not just because of the economic cost and lost of prestige from the nationalization of the hydrocarbon industry in Bolivia; President “Lula” was immersed in an undeclared election campaign, with serious domestic corruption problems. This prevented him from taking a lead role at the summit. When the president of Bolivia went on to resurrect the historical dispute over the Brazilian state of Acre, which Bolivia ceded to Brazil in 1903, it was clear Bolivia wanted to hinder Lula’s role as a conciliator at this summit.

European leaders were worried that the summit might take on an anti-integration and anti-globalization tone because of statements by the president of Venezuela. But this did not happen in the end thanks to the positions adopted by most of the leaders of the region. The parallel summit served as a good forum for airing these arguments to an audience that hailed the leaders of the “new trend” in Latin America. Their speeches were brimming with accusations regarding “colonial structures” of the “neo-liberal empire” or the “lack of morality” of the EU in events in Iraq and Iran.

From Austria (2006) to Peru (2008) The importance of the process carried out between summits

Although this 4th summit was the first meeting of heads of state and government from Europe, Latin America and the Caribbean to be held in a country that was not part of Iberoamerica, participants praised the work of Austria and its determination to stage successfully a summit characterized by low expectations. The relative success of the agreements reached leaves the Euro-Latin American process alive, but failed to give it enough momentum to move forward on its own. Rather, this process needs to take seriously the work carried out in between the summits, which includes an important agenda of issues for the two sides to resolve.

- (1) Latin America today is not a major priority for most European countries. This is especially true for the 12 new members of the EU. Therefore there is no need to act as a regional group in the framework of Euro-Latin American relations. What are recommended are formats that achieve differentiated participation from the most active players, both in Europe and in Latin America and the Caribbean.

- (2) Both regions are in a difficult phase internally: the EU because of the still-unresolved failure of its constitutional treaty, and Latin America because of domestic, centrifugal forces that could lead to stagnation or, in the case of the CAN, the disappearance altogether of subregional integration arrangements. At the same time Venezuela is seen as a new subregional force that is changing the balance of power in South America. This phase of inner soul-searching in both regions calls for effective mechanisms of political dialogue, but this appears to be absent from the institutional structure set up by the Rio Group and subregional integration arrangements. Therefore in the periods between summits it will be necessary to develop formats of flexible geometry to keep up dialogue with the main powers of the subregion with an eye to keeping the EU present and its member states focused on defining the political future of Latin America. Both the South American Community of Nations and the Iberoamerican process have limitations as to how much they can serve as a substitute: the former because of an absence of internal political definition, and the latter because of an insufficient European slant to its deliberations. Therefore, the European Parliament, Commission and interested member states of the EU are very close to defining variable and efficient procedures for deepening dialogue with Latin America in a central phase of its internal definition or redefinition.
- (3) The diplomacy of these summits runs the risk of being thwarted by two factors that are strategic for the future development of relations between Europe and Latin America:
- The absence of an adequate arrangement for civil society to participate in economic development and processes of cooperation or political dialogue. It is precisely this richer and broader dimension of the exchanges between Europe and Latin America that could be a solution to the growing lack of interest between the two sides. It is here that a greater effort must be made to take the summit process closer to civil society, for instance through multi-theme forums that might serve as preparations for the summits. This would allow for longer periods between the summits and thus lighten the agenda facing the leaders.
 - The diplomacy of the summits is suffering a high level of rhetoric and limited commitment in the implementation of the agreements reached. It is essential to find a bi-regional executive structure for the summits so they can implement the agreements that are reached. For now there is only the European Commission which serves to some extent as a body for implementation, and this is only a unilateral procedure. Therefore, in the “between summit process” a common proposal from Latin America and the Caribbean must be found so they can join in the task of executing decisions and agreements through a Euro-Latin American body. One reference point might be the Iberoamerican General Secretariat, although this body seems to take on a role that is much more political in nature than execution-oriented. The idea of strengthening the executive dimension might have a solution in the format of a “double Troika”, appointing representative from the EU on one hand and from Latin America and the Caribbean on the other.
- (4) Despite the declarations coming out of the summits, relations between the EU and Latin America and the Caribbean are still concentrated on just these two sides. Outside parties do not detect a “subsystem” at the international level because the agenda is still limited to the bilateralism of the two parties. Extending this relationship to the international realm is subject to the features of the two regional players: neither the EU nor Latin America and the Caribbean act as a group at the international and multilateral level. The EU’s office for foreign policy and common security (PESC in Spanish) limits itself to trade policy in the framework of the WTO (as far as the mandate can be interpreted), but this does not work in the setting of the United Nations or in other global issues. To a large extent, the states of Latin America tend to act unilaterally on the international stage, without seeking coordination in their foreign policies. If the joint statement in favor of multilateralism aspired to be more than just talk, then it would be necessary to embrace that effort to achieve greater cooperation between the two regions in the

multilateral arena. So it is necessary to identify those international areas in which there are efforts to unify positions between the two regions and in this way make the strategic partnership between them recognizable. In this way, be it through environmental policy or international security, there could be effective cooperation and coordination in the “between summit process” for the two regions to produce tangible results in the biregional relationship. Even if it were difficult to achieve such a commitment from all the participants, it would be a good idea to strengthen alliances among members in order to enhance the much-cherished community of values.

The EU relationship with Latin America – needs for a change in strategy

The presence of proposals to revitalize the biregional relationship through formats (opening new areas of participation and more differentiated ways of inter-relation) and agendas (with social cohesion as a key element) could lead to timely deliberations by the two sides on jointly developing new access to their mutual interests. However, the EU must realize that the new presence of China on the sub-continent has caused a profound change in this privileged partnership. It has had an impact on Latin America’s perception of what Europe has to offer, even if the impact is not yet highly visible. Despite all the reserved and even critical evaluations of this situation’s benefits for Latin America over the mid-term, one must consider this element as the impetus for developing a new profile for relations between Europe and Latin America. In the current international situation, Europe is no longer something that the countries of South America need, but rather an option they can pursue or not pursue. This is also the case for presidential diplomacy and the self-perception of the roles that the two sides want to take in the future of their relationship with each other.

The EU has traditionally seen its role on the international scene as one of exerting “soft power” that seeks to pass on its history of integration as an example to other parts of the world. The EU has thus become a model, and extending this was endorsed as a foreign policy tool for the union, as a “regional laboratory for global governance.” The advances in its internal development include “shared sovereignties” and the permanent development of common interests among member states. These are elements that facilitate creation of a successful example as to how to serve as the most ambitious cooperation project in the world, at the same time offering the best opportunity to develop answers to the challenges of globalization and have timely instruments for forging solutions for transnational governance.⁹

But this exemplary role does not necessarily carry the weight the EU would desire in Latin America. Some no longer accept the role of the European Union as the external promoter of integration on the sub-continent. Rather, other concepts of integration have begun to develop, such as the South American Community of Nations (CASA), fueled by a state-centered vision and one of closed markets. Therefore the EU has to revise its policies if its idea of trade-based integration is to be applicable in Latin America. It might be that the South American sub-continent is favoring physical and infrastructure integration, treatment of asymmetries and social issues, to the detriment of institutional development. Although the challenges of a shift in strategy are considerable, given the rather heterogeneous domestic panorama in the countries of South America (especially when the current wealth of natural resources ends), the EU will have to prepare its strategic action in a different context on the different fronts of political dialogue, development aid and trade.

Günther Maihold

Deputy Director of the German Institute for International and Security Affairs (SWP) Berlin, Germany

⁹ Messner (2007).

References

CEPAL, AECI & SGI (2007), *Social Cohesion. Inclusion and a Sense of Belonging in Latin America and the Caribbean*, CEPAL, Santiago de Chile.

European Commission (2006), *A Strengthened Partnership Between the European Union and Latin America. Communication from the Commission to the Council and the European Parliament*, Com (2005) 636 final, Luxembourg.

European Commission, *Vienna Summit EU/LAC. EU-Latin America and the Caribbean*, http://ec.europa.eu/world/lac-vienna/index_es.htm.

Council of the European Union (2006), *Council Conclusions on EU-Latin America Relations*, 2711st General Affairs Council Meeting, Brussels, 27 February.

Cotler, Julio (Ed.) (2006), *Social Cohesion on the Agenda of Latin America and the European Union*, IEP, OBREAL & CAN, Lima.

Freres, C., & J.A. Sanahuja (2006), 'Toward a New Strategy in Relations Between the European Union and Latin America', in C. Freres & J.A. Sanahuja (Coords.), *Latin America and the European Union. Strategies for a Necessary Partnership*, Icaria, Barcelona, p. 23-104.

FRIDE (2006), *The European-Latin American Summit in Vienna*, Democracy in context, nr 2, Madrid.

Grabendorff, W., & R. Seidelmann (Eds.) (2005), *Relations Between the European Union and Latin America. Biregionalism in a Changing Global System*, Nomos, Baden-Baden.

Maihold, G. (2006a), *The Vienna Summit between Latin America/Caribbean and the EU: The Relative Success of a Meeting with Low Expectations*, ARI nr 59/2006, Elcano Royal Institute, Madrid.

Maihold, G. (2006b), *Nach dem Wiener Gipfel. Europas schwierige Suche nach einem besonderen Verhältnis zu Lateinamerika*, Ibero-Analysen nr 19, IAI, Berlin.

Messner, D. (2007), *The European Union: Protagonist of a Multilateral World Order or Peripheral Power in the 'Asia-Pacific' Century?*, Nueva Sociedad, Buenos Aires.

Peña, F. (2005), 'The Complex Network of Presidential Summits. Reflections on Multilateral and Multi-space Presidential Diplomacy in South America', *América Latina Hoy*, vol. 40.

Rojas Aravena, F. (2000), *Multilateralism: Latin American Perspectives*, Nueva Sociedad, Caracas.

Whitehead, L., & A. Barahona de Brito (2005), 'World Summits and their Latin American Versions: Making a Mountain out of a Molehill?', *América Latina Hoy*, vol. 40.