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Research Report

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SWP Comment, No. 37/2023

Provided in Cooperation with:

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

Suggested Citation: Maihold, Günther; Zilla, Claudia (2023) : Re-launching the bi-regional dialogue between the EU and Latin America: Simple revival or fundamental renewal?, SWP Comment, No. 37/2023, Stiftung Wissenschaft und Politik (SWP), Berlin, <https://doi.org/10.18449/2023C37>

This Version is available at:

<https://hdl.handle.net/10419/279923>

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SWP Comment

NO. 37 JULY 2023

Re-launching the Bi-regional Dialogue between the EU and Latin America

Simple revival or fundamental renewal?

Günther Maihold and Claudia Zilla

The summit in Brussels on 17–18 July will mark the end of a long eight-year hiatus in bi-regional meetings between the European Union (EU) and the Community of Latin American and Caribbean States (CELAC). Between 1999 and 2015, conferences were held every two or three years. Since the last conference, the international environment and regional contexts on both sides of the Atlantic have changed significantly. Brazil's return to CELAC and the new Lula government's efforts to reactivate the Union of South American Nations (UNASUR) have given the region a new impetus, which was reflected at the respective summits of the two organisations in Buenos Aires in January and Brasília in May. In June, the European Commission presented a new agenda for the EU's relations with Latin America and the Caribbean (LAC) that clearly shows Europe wants to intensify bi-regional cooperation. This has a chance of succeeding if summit diplomacy is approached in a spirit of renewal – not revival – and combined with substantive thematic cooperation and vibrant bilateral relations.

The summit meeting of the 27 EU and 33 Latin American and Caribbean states in Brussels can act as a motor for a reorientation of relations between the two regions if it succeeds in containing the internal divisions of the respective partners and identifying a realistic common basis for action. This also means that European – Latin American relations must be placed on a new footing and not simply reanimated under old auspices (see also SWP Comment 35/2023). The resumption of summit diplomacy is taking place against the backdrop of a new geopolitical environment in which the Latin American and Caribbean states

need – or believe they need – the EU less and less in the face of China's strong advances.

The polyphony of LAC

CELAC is an intergovernmental mechanism for dialogue and political cooperation. It offers a forum that includes all sovereign states in the Latin American and Caribbean region or, what is the same, of the Americas, with the exception of the United States and Canada. No other grouping in LAC is as inclusive. CELAC operates without an insti-



tutional structure; it does not even have a secretariat, only a rotating presidency, which is currently held by the Caribbean island state of St Vincent and the Grenadines. So far, the Community has had little success in establishing structured decision-making guidelines for political and development cooperation and regional integration. Since its creation in December 2011, CELAC has helped to establish various formats for discussions between member states in areas as diverse as social development, education, nuclear disarmament, culture, finance, energy and the environment. The binding force of the agreements reached is limited; CELAC is much more visible in the forums it has established with other countries and regional blocs. These include CELAC's dialogues with the EU, China, the Russian Federation, the Republic of Korea, the Gulf Cooperation Council, Turkey and Japan.

Internally, CELAC is struggling with political upheavals in the region: From the isolation of Venezuela to dealing with authoritarian regimes, heterogeneous positions on governance issues have emerged within the Community. Brazil's return to CELAC under President Luiz Inácio Lula da Silva — his predecessor, Jair Bolsonaro, had suspended Brazil's participation — has led many to hope that he will succeed in providing a new impetus for regional cooperation. Similar prospects have been attached to the geopolitical hub of Argentina-Brazil-Colombia-Mexico, not least in terms of substantial political and financial support for the organisation. The need to build institutional structures and create legal frameworks for dynamic decision-making is repeatedly emphasised, but proposals to this effect fail because of member states' reservations about sovereignty. This also applies to the issues of self-financing, the relaxation of the consensus rule (to avoid vetoes) and the establishment of an executive secretariat (which could rotate among the sub-regions). The expectation that CELAC could develop into a voice for the region by introducing joint, consensual initiatives in global multilateral forums such as the United Nations has not been

fulfilled. For example, the Community has no say on specific issues such as improving the terms of external debt treatment or commodity agreements. The principle of national sovereignty still prevails, leaving it to each country to decide whether to pursue access to relevant agreements or markets.

The fact that Brazil's attempt to breathe new life into political and economic cooperation between governments south of the Panama Canal at the summit of UNASUR in Brasília at the end of May failed for the time being, shows how far the subcontinent still is from the hoped-for joint international appearance. The complementarity of CELAC and UNASUR is controversial within the region: Whereas Argentina and Brazil see the rapprochement and possible revival of UNASUR as a historic opportunity, Mexico and the countries of Central America and the Caribbean see it as a negative sign.

As an association of all the sovereign Latin American and Caribbean states, CELAC brings together 33 governments with different political and ideological positions. This reflects the desire of the Community to be perceived as the voice of all Latin American and Caribbean countries on the international stage. CELAC acts as a kind of counterweight to the Organization of American States (OAS), which includes Canada and the United States but not Cuba.

In contrast to CELAC, UNASUR — with fewer member states and greater institutionalisation — has the potential to make progress towards genuine regional governance with physical integration, rules and regulations, and joint development cooperation in South America, provided there is internal consensus on this.

It does not seem to be the case yet, but should political developments go in this direction, as Brazilian President Lula would like, a new seed of division would be sown within CELAC. The long-standing competition between Brazil and Mexico — the two major players in the region — would be rekindled, and the hope that cooperation between the two leading nations could create added value for the region would become even more illusory. The EU will

therefore continue to have to deal with many voices; a united CELAC is not to be expected.

“Extreme West” and preferential partner?

In LAC, the socio-political coordinates have shifted: Authoritarian regression, the erosion of autonomous institutions, restrictions on journalistic and scientific freedoms, the weakening of the rule of law, the militarisation of state action and the polarisation of social conflicts to the detriment of civil society are not only worrying developments in countries such as Cuba, Nicaragua and Venezuela. In Mexico, El Salvador, Guatemala, Ecuador, Peru and other countries, the same or similar abuses by the executive can be observed. The persecution of environmental and human rights activists is also common in Brazil and Colombia, where the rights of indigenous and other ethnic groups to participate in decision-making are not guaranteed. Moreover, in countries such as Bolivia, explicit resistance to the “Europeanisation of Latin America” is being articulated, so that the traditionally invoked common value base — as implied by the concept of the “extreme West” (Alain Rouquié) — can be assumed less and less.

EU-LAC: Together for strategic autonomy?

In the eight years since the last EU-CELAC Summit (Brussels 2015), bi-regional relations and the international geopolitical environment have changed fundamentally: On the one hand, the EU has lost clout and influence in LAC; on the other hand, most Latin American and Caribbean countries have failed to benefit from globalisation by integrating themselves into international value chains. The region suffers from its marginal position in international politics. Participation in multilateral forums such as the G20 and BRICS has not led to the development and successful implementation of

Latin American positions. In view of the competition between great powers — in which the EU and LAC are exposed to a variety of tensions with very different effects — it seems presumptuous to expect the go-ahead for the establishment of a separate geopolitical space to be given at the Brussels summit. The economic situation of most Latin American and Caribbean countries has deteriorated significantly. In the areas of trade and investment, China has increasingly taken the place of the EU; European weakness is also being exploited by other powers such as Russia, Iran and Turkey, which are promoting their well-known geopolitical interests in the region.

In both the EU and LAC, the desire for strategic autonomy often remains more promise than reality. A look at Mercosur makes this clear: The Association Agreement with the EU, which was reached “in principle” in 2019, is still controversial on both sides. Critics doubt that it can serve as an effective catalyst for a policy of strategic autonomy in economic and political terms. The weakness of Latin American regionalism is also reflected in Mercosur and has not been remedied with the end of Bolsonaro’s term in Brazil. Mercosur partners have also placed limits on President Lula’s political leadership, such as Argentina and its almost permanent difficulties in stabilising itself macroeconomically, and Uruguay with its repeatedly expressed intention to go it alone in pursuing free trade agreements with powers outside the region. It is clear that Mercosur does not currently have the minimum conditions to effectively pursue a policy of strategic autonomy on the international stage.

The situation is different when it comes to whether and to what extent individual states in the region possess strategic raw materials: In the geopolitics of natural resources, the Latin American and Caribbean states pursue a resource nationalism that largely excludes joint action. For many states, the nationally organised exploitation of natural resources is linked to the illusion that this will give them a better negotiating position vis-à-vis a multitude of different

customers. The courting of international actors such as the EU for access to raw materials for the energy transition and the production of green hydrogen reinforces this perception. As a result, there is a reluctance in the producer countries to be drawn into geopolitical conflicts. This, in turn, relegates the region to a secondary role, in which it is mainly trying to escape the dominance of the great powers and secure its own advantages through skilful adaptation.

It is clear that the EU and LAC have pursued – and continue to pursue – different strategies to integrate themselves into the world economy. Whereas the EU claims to be a formative part of international relations, many Latin American countries see their future more in an “active non-alignment” – a clever strategy of adaptation designed to help them survive among the great powers. This leads not only to a different understanding of their role, but also to a diminished partnership profile. In day-to-day foreign policy, this manifests itself in a pronounced reluctance to accept the EU’s far-reaching offers of cooperation, which could block cooperation with other powers (e.g. in the context of competing investment projects) or impair their interests. In this respect, it is doubtful whether the new framework conditions emerging as a result of the globalisation crisis – exacerbated by the consequences of the pandemic and the ongoing rivalry between the United States and China – offer sufficient opportunities to revive old partnerships. It remains to be seen whether political actors on both sides of the Atlantic have the strength and will to shape the new interaction in a way that challenges rather than patronises each other. From this perspective, it would be less a case of repeating the summits of the past and more a case of rethinking the areas of cooperation where the interests of both sides overlap.

The European–Latin American space of interaction

Economic relations between the two regions are not particularly dynamic: In 2022, LAC’s share of EU imports was 4.8 per cent, and of exports 5.8 per cent – still below Switzerland’s 7.2 per cent. When it comes to investment in LAC, the EU and the United States are still in the lead. The legal basis for trade relations is mainly the existing Association Agreements or free trade agreements between the EU on the one hand and Mercosur, the Andean Community, Central America, the Caribbean, Mexico and Chile on the other. Some, such as the 2012 Association Agreement with Central America, have not yet been ratified by all EU member states and are only provisionally in force. Others, such as those with Chile and Mexico, are being adapted and modernised. Political dialogue between the two regions has languished due to internal conflicts on both sides of the Atlantic. Development cooperation is suffering from the graduation of many states to middle-income status, which means they no longer qualify for preferential treatment. Nevertheless, both partners are looking for new baselines to overcome the asymmetrical relationship – not only in terms of mutual orientation, but also in terms of the perception of problems. Just as the Central and Eastern European member states of the EU show very little interest in LAC, a certain reticence to the approaches and procedures of the EU has also become widespread in LAC.

This is all the more true for many of the demands from Brussels that are perceived in LAC as barriers to dialogue. For example, the regulation on combating global deforestation and forest degradation is seen as an obstacle to understanding how Latin American and Caribbean countries can manage the Amazon or Mesoamerican forests in the future. Such contradictions between regions need to be addressed if they are not to permanently rupture the relationship. This is where the costs of non-dialogue become directly visible for all parties involved.

Bilateral relations and cooperation with individual Latin American and Caribbean countries are likely to remain the EU's main tool for maintaining ties with the region. They allow the EU to more effectively pursue its interests in the security of supply of critical raw materials, energy and mobility transitions, and the management of climate change challenges. Against this background, the summit with CELAC and the relationship at this bi-regional level can only be an additional, broad framework for flexible formats in individual thematic areas.

Such an approach will require much more diplomatic engagement on both sides than has been the case in recent years, especially when it comes to concrete contributions by Latin American states to solving global problems. The order of interaction between the EU and LAC will therefore have to be multifaceted and agile in order to evolve beyond established formats into new variants of variable geometry and speed.

A new CELAC-EU agenda

The Buenos Aires Declaration, which emerged from the CELAC meeting in Argentina in January 2023, covers a wide range of issues in its 111 points. The new agenda for relations between the EU and LAC, presented by the European Commission in early June of this year, is similarly comprehensive. There are overlaps between both documents, and the range of possible topics for the EU-CELAC Summit is quite broad: productive transformation and technology transfer towards a fundamentally new post-pandemic development model; the urgent need for real change towards environmental sustainability to replace extractivist projects; improving competitiveness by promoting digitalisation; the convergence of policies and standards on social rights; reducing poverty and other forms of in-

equality – and much more that can be subsumed under the rubric of preserving and defending democracy, the rule of law and civil rights.

This wide range of issues offers opportunities, but also the risk of getting bogged down. The Brussels summit should therefore set out a clear path on how to work through this extensive agenda and what priorities need to be set. On the one hand, it would make sense to find flexible procedures in which the slowest does not set the pace, but on the other hand it is important not to make concessions that sacrifice democratic principles to economic prospects and objectives. This dual responsibility explains the interest in continuing the dialogue and, at the same time, setting up a permanent coordination mechanism, as proposed by the EU. However, this option can only be successfully implemented if the EU simultaneously develops substantial bilateral relations with the individual states. This would avoid the risk of summit diplomacy gaining a high profile but only becoming active on a limited number of issues and with different partners, as has been the case with the (sub)regional dialogues. On the other hand, rhetorical demands for greater geopolitical clout for both regions should be avoided, not least because the forum character of CELAC means that it is unlikely to be a suitable partner for the Europeans in this respect. Ultimately, the decisive factor is whether the CELAC member states are willing and able to articulate themselves more clearly in international politics, or whether they will refrain from doing so in the interest of their own economic advantages.

This Comment was written as part of the project "The Impact of the Ukraine War on Latin America/Caribbean and Their Relations with Germany and Europe". Prof. Dr Günther Maihold is Deputy Director of SWP. Dr Claudia Zilla is Senior Fellow in The Americas Research Division.

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ISSN (Print) 1861-1761
ISSN (Online) 2747-5107
DOI: 10.18449/2023C37

(English version of
SWP-Aktuell 42/2023)

SWP Comment 37
July 2023