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EU-Latin America and Caribbean Inter-regional relations: complexity and change

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ABSTRACT

This paper analyses regionalism in Latin America and the Caribbean and interregionalism between this region and the European Union. The complexities and overlapping of Latin American regionalisms are reflected in the several interregional mechanisms that the European Union has with Latin American and Caribbean countries and regional organisations. The paper argues that different political and economic interests in Latin America have given rise to overlapping regionalist projects, where the overlapping of competences is more problematic than that of membership. Also, Latin American regionalisms have constantly evolved in terms of strategies and organisations. This has generated a number of interregional institutionalized mechanisms between the EU and Latin America and the Caribbean, but the current structure seems in need for reform.

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1. Introduction

The idea of Latin America almost intuitively refers to the Central and the Southern parts of the Americas, also in opposition to the North. However the concept of a Latin American cohesive region and the construction of it are quite problematic. Latin America is not as homogeneous a continent as it is often thought of because of language, religion or colonial legacy. Cultural, geographic, historical, political, economic and even linguistic cleavages are significant. Spanish is the dominant language but the most populous and influential country in the region, Brazil, speaks Portuguese. A number of countries have French and English as their official language. The adjective Latin itself is problematic. Does it refer to culture? Language? Historical legacy? French-speaking and largely catholic Quebec in Canada may arguably be more culturally “Latin” than some Caribbean islands where English is spoken and culture is influenced by the past British rule and African traditions and US presence today.

Geographically uncertainty exists too. Is the Caribbean to be included in the concept of Latin America? Or North America? Or is the Caribbean a different region? The European Union has long considered the Caribbean as part of the least developed African-Caribbean-Pacific (ACP) countries in its development policy; yet the EU includes the Caribbean in the Latin American region for the sake of political dialogue. And where exactly is the boundary between North and Latin America? Mexico, one of the cradles of Latin American history and culture, is geographically considered as North America, and so are Central America and the Caribbean (University of Oxford, 2015). Furthermore Mexico is closer to the US than to the Latin rest of the continent in terms of economic ties. And yet Mexico is a centre of Latin American resistance to US influence.

In economic and political terms, it is possible to distinguish a number of sub-regions. The Caribbean, Central America, and South America have quite different economic and strategic vocations in the global and hemispheric contexts. These differentiation in sub-regions also tends to coincide historically with the level of influence exercised by the United States (Dominguez, 2000). In recent years the situation has grown more and more complex and also sub-regions have been further fragmented in sub-sub-regions with their corresponding economic and political regional organisations, such as the Andean Community for the Andean countries, MERCOSUR for the countries of the Plata Basin (at least originally), or the Association of Eastern Caribbean States.

Different ideological and strategic options add to sub-regional differentiations. South America, under the aegis of Brazilian geostrategic thinking and recent global and regional assertiveness, is differentiating itself from Latin America, also in institutional terms with the creation of the Union of South American Nations (UNASUR). At the beginning of the 21st century ideology has provided a further cleavage. The so called “Bolivarian” countries, most strongly rejecting neoliberal policies and US influence in the region, grouped in the Bolivarian Alliance for the Americas (ALBA). Finally, the recent rise in importance of the Asian markets to Latin America has produced another cleavage, the one between the Atlantic and the Pacific shore of the continent, which resulted in the creation of the regional project Pacific Alliance (PA). This Atlantic-Pacific divide may be a significant factor in shaping the future of the Atlantic space from a Latin American perspective.

Yet, Latin America is an accepted label that identifies a reasonably well-defined region. In spite of diversity, Latin America has significant elements of affinity beyond language, religion or colonialism: the concentration of land ownership and its impact on societal and economic development; the peculiarity of modernisation processes such as late

industrialisation and high urbanisation; and the magnitude of social and economic inequality that remains a crucial issue (Rouquie, 1998). After all, to make sense of a region, this has to be defined by some sort of criteria and boundaries, regardless of how contested or wobbling these may be. In this paper, we acknowledge definitional ambiguities and complexities. We stick to the traditional label of Latin America and Caribbean to identify the region that stretches from the Rio Bravo river to the Tierra del Fuego, including the islands of the Caribbean Basin. That is all the 33 countries in the Western hemisphere excluding Canada and the US.

Regionalism in Latin America and the Caribbean perfectly reflects this ambiguity and tension between unity and diversity (Gardini, 2011). A variety of schemes and projects since the early 20th century have purported to pursue Latin American (and Caribbean) unity, while at the same time producing a multiplication of initiatives and the fragmentation of the region. Both regionalism and interregionalism in Latin America and the Caribbean are quite complex. Multi-layered and multi-faceted set of arrangements, formal and informal norms, regimes, and organisations coexist (Malamud and Gardini, 2012). As we will discuss in the historical sections, this is also the result of the coexistence of regional projects from different epochs, thus carrying different political and value-based rationales. The first thread of this paper is the interplay of complexity and change in Latin American regionalism and interregionalism.

The second thread is the fit between Latin American and Caribbean empirical interregionalism and the conceptual framework of interregionalism in the Atlantic Future project (Malamud and Gardini, Atlantic Future paper). First, Latin America's interregional relations fit the types designed by Hänggi (2000), comprising relations between regional groupings (EU-CELAC or EU-Mercosur), transregional arrangements (where states participate in an individual capacity, as in APEC or EU-Latin America and the Caribbean before CELAC), and hybrids (such as relations between regional groupings and single powers, namely the EU political dialogue with Brazil, Chile and Mexico). Second, EU-Latin American interregionalism is largely based on summitry. Third, it displays all the four forms of interactions (hegemony, emulation, cooperation and exchange) identified in the overarching paper.

The paper unfolds as follows. Section 2 discusses the historical evolution and juxtaposition of Latin American and Caribbean regionalisms. In section 3, the dynamics and logics of Latin American and Caribbean regionalisms are dissected and succinctly compared to the European case. Section 4 put the evolution of EU-Latin America and the Caribbean interregional relations in historical context. Section 5 critically analyses interregional relations between the EU and Latin America and the Caribbean. The conclusion wraps up the key arguments and offers some tentative answers to the key questions of WP8.

2. Historical evolution of regionalisms in Latin America and the Caribbean

In this paper regionalism is defined as an umbrella concept that encompasses a set of distinct although intertwined phenomena. Following Andrew Hurrell's conceptualization (1995), regionalism comprises:

1. Regionalisation, "societal integration within a region [...], often undirected processes of social and economic interaction (ibid, p. 39).

2. Regional awareness and identity, “the shared perception of belonging to a particular community can rest on internal factors, often defined in terms of common culture, history or religious traditions. It can also be defined against some external ‘other’” (ibid, p. 41).
3. Regional interstate cooperation, “the negotiation and construction of interstate or intergovernmental agreements or regimes” (ibid, p. 42).
4. State-promoted regional integration, “specific policy decisions by governments designed to reduce or remove barriers to mutual exchange of goods, services, capital, and people” (ibid, p. 43).
5. Regional cohesion occurs when a combination of the phenomena above leads to “the emergence of a cohesive and consolidated regional unit” (ibid, p. 44).

This paper focuses on the third and fourth dimension, especially in their institutionalised form. This a central point, especially when discussing or comparing the European and the Latin American regionalist experiences. The word integration (integración) is very much used interchangeably with regionalism and/or cooperation in Latin American political, media, and even academic discourse and accounts. However regional integration is strictly speaking only a specific aspect of the more general phenomenon of regionalism.

There are three different periods in LAC integration: the developmentalist regionalism (50-70's); the open regionalism (80's-90's) and the XXI Century regionalism, which is currently under construction (Ayuso and Villar, 2014). The first wave related to the national industrialisation process through the imports-substitution model. This kind of regionalism was conceived as a defensive system against extra-regional industrialized markets, through the creation of a larger regional market. This model includes the MCCA, ALALC and the Andean Pact.

Good results were obtained at the beginning and intra-regional trade grew from 6% to 12% in 6 years (Tussie, 2011). However, the huge differences among the national economies, the impossibility for some members to comply with the ALALC tariff reduction schedule, and the worldwide crisis of the early 70's led to a *flexibilisation* of the regional projects. The oil crisis in 1973 and the accumulation of public debt led to an external-debt crisis in LAC which triggered a change in the national economic models, thus impacting regional integration too. In 1980s a less structured and more flexible regional model, based mainly on bilateral and subregional agreements was adopted (CEPAL, 2012). ALADI¹ was established as an “*umbrella*” organisation under which member states could sign integration agreements compatible with the GATT and later on WTO commitments.

In the 1990s a new wave of regionalism appeared: the so-called “open regionalism”, with reference to a pro-liberalisation process to make the economies more flexible to place them in the interconnected world economy. This model was linked to the so-called “*Washington Consensus*”² which aimed to trade openness, economic liberalisation and privatisation of the Latin American economies (Bouzas, 2009). Regional integration was understood as a tool to promote international competitiveness and increase the bargaining power towards industrialised countries (Sanahuja, 2007).

¹ ALADI stands for “*Asociación Latinoamericana de Integración*” (Latin American Integration Association)

² The Washington Consensus is the name given to a set of economic-aimed public policies proposed by some financial institutions with headquarters in Washington, and published by John Williamson in his paper “*What Washington Means by Policy Reform*” in November 1989.

The Common Market of the South (MERCOSUR) was created in 1991 and the Andean Community (CAN), the Central American Integration System (SICA) and the Caribbean Community (CARICOM) were reformed accordingly. Yet, this model collapsed with the end-of-the-century crisis³ (CEPAL, 2012), leaving behind job losses and increased poverty in the region.

The beginning of the XXI Century marked the emergence of a new generation of Latin American regionalism. These developments have been captured in different ways by different scholars: *post-liberal regionalism*⁴, is used to emphasise a more political and less economic driven approach; *post-hegemonic regionalism*⁵, is the expression to underline the greater autonomy of the new Latin American regional projects, especially from US traditional hegemony; *strategic regionalism* emphasises the increasing globalization and interdependence challenges; finally Van Klaveren adopted the pragmatic expression *heterodox regionalism*⁶ stressing the lack of a common pattern. Examples of this third wave are: the Bolivarian Alliance for the Americas (ALBA, 2004), the Union of South American Nations (UNASUR, 2008), the Community of Latin American and Caribbean States (CELAC, 2010) and the new reforms that took place in SICA and MERCOSUR. A common feature of this regionalism could be the flexibility and the stress put in social policies and not merely in trade-related issues. However, the trade-focused integration processes have not been abandoned. A clear example of this is the development of the Pacific Alliance created in 2012 by Chile, Peru, Colombia and Mexico. Today there is a regional multilateral structure composed of several layers, which are inter-related, generating synergies and cooperation links, but also in competition (Nolte, 2013).

3. Dynamics of Regionalism in Latin America and the Caribbean and the European Union: a comparative analysis

In this section we discuss the key logics and dynamics of Latin American and Caribbean regionalisms and compare them to the European experience. We focus on three aspects: first, how to explain the high number of competing regionalisms in Latin America and the Caribbean; second, how to explain the variety and sometimes divergence of regional visions and policies; third, how structural constraints as well as different modes of societal interactions make the EU regional scenario and construction very different from the Latin American and Caribbean ones.

First, the high number of regionalisms in Latin America and the Caribbean can be explained with reference to political-ideological and geographic factors. On the political plane, different societal interactions, different senses of belonging and identity as well as different state agreements and projects exist and coexist. In addition, the variety of economic and political interests present in the continent, as well as differences in ideology and regional visions gave rise to a number of alternative regionalisms (Tussie, 2009). For example, economic interests towards the Asia-Pacific and a preference for open economies and free trade gave rise to the Pacific Alliance. Rejection of US interference and the excesses of capitalism as well as a preference for endogenous development prompted the creation of ALBA. The competing aspirations at regional leadership of Venezuela and Brazil gave rise to ALBA and UNASUR respectively (Burges, 2007).

³ Clear examples could be the Mexican crisis in 1994, the Brazilian crisis in 1998/9 and the Argentine crisis in 2001

⁴ Sanahuja, 2007 y 2010; Da Motta y Ríos, 2007

⁵ Tussie y Riggirotzi, 2012

⁶ Van Klaveren, 2012

Geographically, complexity is due to the institutionalised forms of cooperation at three different geographic levels: hemispheric, regional and sub-regional (Portales, 2013). Some examples help clarify this multi-level architecture. Latin American and Caribbean countries are engaged in regionalist projects in the large region of the Americas, together with Canada and the United States. This is the hemispheric level. Examples are the Organisation of American States (OAS) or the failed attempt to create a Free Trade Area of the Americas. At the region level (regardless of how and which region is defined), perceived regional commonalities and identities underpin several projects such as the Community of Latin American and Caribbean States, the Caribbean Community or UNASUR. This is the regional level. At the sub-regional level, many examples exist: the Andean community, MERCOSUR, the Pacific Alliance. This paper will not cover hemispheric arrangements but will focus on regionalist initiatives that only comprise Latin American countries.

In comparative terms, the number and variety of the regional integration projects available in Europe and Latin America marks a stark contrast between the two regions. In Europe, the EU is essentially the only real game in town. It has widespread competences, membership and legitimacy. Other trade or political integration projects exist but are either subservient to or compatible with the EU. In Latin America a number of competing regional integration initiatives and organisations share the landscape. This results not only in fragmentation, but often in quite divergent policies and ideological stances that make even regional coordination problematic. All these institutions compete for members, representativeness, resources and allegiance in Latin America and the Caribbean, either at the regional or sub/regional level.

Second, how to explain then this variety and fragmentation of visions and policy choices. Three factors can represent or constitute a minimum common denominator at the regional level: the stance of the region toward (the) major international player(s), the question of regional leadership, and a common economic and development policy or model (Gardini, 2010). Latin American and European responses to these three key issues have been very different and this difference largely accounts for the uniqueness of the European case as well as for the fragmentation and divergence of the Latin American and Caribbean scenario.

The stance towards the international leading power(s) is crucial as it largely defines the positioning of a region in international affairs and alliances. In Latin America and the Caribbean there is no unique regional posture toward the world major power, the US, so close and so relevant to the continent. The relationship with the US varies from mildly competitive in commercial terms (MERCOSUR), to inconsistent or elusive (UNASUR), to ideologically confrontational (ALBA). This is not the case in Europe. When the European Economic Community was established, the regional unit of reference was not Europe but Western Europe because of the Cold War. In that context, the US was unquestionably an ally for all the six founding members. No single member attacked verbally or otherwise the US or questioned the support of the others for Washington. Between the then EEC and the US there was a 'shared blend of institutions', namely liberal democracy and market economy (Toje, 2008). The Atlantic choice produced a first minimum common denominator that contributed to the stability and identity of the newly formed community. By contrast, in today's Latin America, deep divisions separate those states supporting or accepting the US role and values, friendship or alliance, and those rejecting more or less strongly the US, its leadership, models and philosophy.

The role of the regional leader or paymaster supposedly gives cohesion and drive to a truly regional project. In the European case the situation has been and still is relatively simple as no country has played a clearly dominant lead and no huge structural

economic and demographic asymmetries exist among the major members. Indeed, the European project has been built on an implicit convergence on the issue of leadership (or absence of it) and relations among members: the assumption of equality and reciprocity (Mc Allister, 2010; Hayward, 2008). If one country could be indicated as the EEC/EU *primus inter pares* this would probably be Germany. However, although Germany has become Europe's economic 'center of gravity', it has never reached a position of hegemony or dominance (Lankowski, 1993:11). Its power has remained 'constrained and contained', especially at the regional level, and Germany's position in Europe can be described as one of 'asymmetric interdependence' (Bulmer, 1993:75;87). All this is not applicable to the Latin American case because of Brazil's disproportionate political, economic and demographic weight as well as for Mexico's peculiar vicinity to the US. While Brazil is by now considered indispensable to any meaningful regional integration, several Latin American countries look at Brazil with suspicion and often question Brazilian regional initiatives fearing marginalization. Yet no clear counterbalance to Brazil is firmly established or acknowledged. In turn, Brazil has been ambiguous on its own leadership, using it at convenience but being reluctant to accept, and even less to pay for, the associated political and economic costs.

The economic and development model is arguably what unites a region and its common purpose and unity of vision and intent. Capitalism and free trade have been the pillars of the European economic development. All members, founding or late comers, accepted these principles and collaborated with one another to pursue it. The economic models proposed by the Latin American and Caribbean regional blocs are not only divergent but incompatible if facts were to follow literally political declarations. Alternatively, and almost as a natural consequence, no real development model can be adopted at the Latin American level because of a lack of consensus.

Third, a number of structural constraints and socio-political situations help understand how LAC regional processes are invariably very different in nature and depth from the EU experience. Issues such as supranationality, disparities among members, trade patterns regionally and globally, and the role of civil society mark the mode and forms of institutions and interactions at the regional level.

The tension between intergovernmental and supranational approaches is a first case in point. In all Latin American regional projects there are forms of common institutions but they are strictly intergovernmental and not supranational. Decisions are taken mainly by consensus or unanimity and no decisions can be imposed by a majority. The so-called "*Summit's Diplomacy*" prevails in LAC (Rojas Aravena, 2012) and this is one of the reasons why it is hard to further develop integration only based in intergovernmental decisions without a push from the inside of the institution itself. The absence of bodies ensuring the general interest and compliance with the agreements, the delay in the incorporation of the common law into domestic law and the recourse to unilateral measures are other challenges to integration deepening in Latin America. Conversely, in the EU supranational and democratic bodies were created in order to leave behind a basic Free-Trade Area to move forward to a strong Custom Union and later a Common Market (Sanahuja, 2007). This different approach is one source of asymmetries in the inter-regional negotiations and the relationship between the EU and Latin American regional organizations, but not the only one.

In Latin America, disparities among countries are more visible than in the EU and that is another of the reasons why the integration process is far from being completed. Due to these divergences some countries will be more motivated than others to go further in the integration process, bearing in mind advantages and disadvantages of being tightly integrated or not. In order to reduce those asymmetries it would be necessary to generate mechanisms to compensate the present internal imbalances and to avoid

potential ones, trying to guarantee an equal distribution of the integration-generated wealth. These instruments are still few developed in LAC integration processes comparing with the EU and the asymmetries increase the tensions inside the blocs, ending in increased fragmentation of the negotiations with the EU (Ayuso and Foglia, 2010). (see for instance the different positions of Bolivia, Ecuador, Colombia and Peru within the CAN-EU negotiation).

Another difference between EU and Latin American regional integration processes is the low commercial complementarities. In the EU inter-regional trade is around 60% and within the NAFTA is near 55%. Whereas in Latin America those figures are -in comparison- extremely low from 26% in Mercosur, to 7,2% in the Pacific Alliance (CIDOB, 2015). These numbers are partly justified by the particular features of Latin American economies, based mainly on agricultural products and mining, and heavily dependent on extra-regional manufactured products. In the EU case, integration started precisely with the exchange (and production) of goods. Integration is primarily expected to integrate the economies and trade of a region. However today, Latin American economies are surfing through the global crisis because of their exports to non-regional emerging markets, so why to trade regionally? Latin America has tried to foster intra-regional trade where it did not exist. While the EU or NAFTA were born as a tool to manage existing interdependence, LAFTA, the Andean Community, the Central American Common Market and more recently Mercosur were created to decrease dependence on extra-regional markets and to induce a surge in intra-regional trade. But what if there is little to trade regionally and more to gain extra-regionally?.

The breakdown for individual countries is even more telling. According to WTO figures for country profiles 2014, Germany, the largest economy sent over 55% of its total exports to the EU and received from the region more than 55% of its total imports. Even the UK, the least euro-enthusiastic country and the one historically most linked with extra-regional markets, traded for almost 50% of the total with EU partners. By contrast, Brazil, the largest exporter of Mercosur, has none of the remaining associates, individually or as a group, among its first three trade partners which are the EU, China and the US. While it is true that Brazil is the first commercial partner for Argentina, Paraguay and Uruguay this may be misleading. Brazil represents 2/3 of Mercosur's trade, which makes the level of intra-regional trade pretty low overall. For members of the Andean Community figures are even clearer, with Brazil, the US, the EU and China representing well over 50% of the total trade of the region, where regional associates lag far behind (WTO, 2015).

Another significant obstacle to further integrate the region is the lack of infrastructure. The infrastructure deficit has been repeatedly identified as one of the impediments to higher growth, increased productivity and the formation of productive chains. This is further aggravated by low levels of investment when compared with other developing countries such as Asia (Barbero, 2013). Many Latin American companies produce goods or obtain raw materials at competitive price but the freight cost to regional or extra-regional markets is high. Regional initiatives have been launched, both in South America through the IIRSA program (Regional Infrastructure Initiative of South America) and Central and North America (Mesoamerica Plan) to alleviate the deficit. These programs are funded by regional financial institutions such as the Andean Development Corporation and the Inter-American Development Bank, national banks, and extra-regional actors such as China and the EU itself.

Finally, while in Europe the role of civil society and the private sector was crucial at the start of the integration project (Haas, 1958) and plays a central role today, in Latin America integration is essentially a government affair and clearly reflects a top down approach. All regionalist projects were born as a state-led project and remain so today.

While it is important to acknowledge the contribution of non-state actors to regional choices, 'evidence demonstrates that state preferences and institutions crucially mediate the influence of societal pressure on actual state policy' and that 'societal pressure against cooperation was neither a necessary nor a sufficient condition for states to defect from regional commitments' (Gomez-Mera, 2013:199). Interestingly, this is true also for those projects like ALBA where civil society and social movements supposedly have a central role in the institutional architecture of the organization (Cusack, forthcoming, 2015). Ultimately, states are very central to many regional integration projects in the developing world (Gomez-Mera, 2013:223) and one could argue that after all this the case in Europe too.

4. The Evolution of the bi-regional relations

Relations between Europe and Latin America have a long and deep-seated history. Latin America was colonized primarily by Spain and Portugal, and events that took place in Europe, such as the Napoleonic wars, were at the root of Latin American independence in the early nineteenth century. Up until the end of the First World War the wealth of many Latin American countries, for example Argentina, was dependent upon commercial ties with European powers, particularly Great Britain (Brown, 2008). Following the Second World War and with the onset of the Cold War, European former colonial powers lost their status as world powers and relations with Latin American were put on the back burner.

The establishment of the European Economic Community in 1957 did little to reverse this trend, and Latin America increasingly became a sideline in European international affairs. However, when Spain and Portugal joined the European Union in 1986, relations between the EU and Latin America took on a new elan, with European political and economic presence reaching new heights. Latin America has not become a priority area for the EU; quite the contrary in fact. Nonetheless, in its strategy as a global player the EU has adopted a rather active and dynamic position regarding Latin America.

The process of democratic transition in the region experienced during the 1980s and 1990s fuelled the re-launch of the Latin American integration projects and led to a process of sub-regionalization of the relationship of the European Community institutions with LAC. This started with the creation of the San José dialogue between the European Community and Central America in 1984 in support to the Regional Peace Process and was intensified from 1987 with the CE and the Rio Group that was institutionalized in 1990. In the subsequent decade the first agreements between the EEC and Latin American regional organizations were formalized, first with the Andean Group in 1983 and then with the Central American Common Market 1985.

With the second regionalist wave called "open regionalism" new regional initiatives arose and the support to different processes of regional integration in Latin America became one of the pillars of the relationship with LAC. This vision included as a strategic element supporting regional integration and expressed a preference for bargaining collectively with existing bodies and the development of regional cooperation strategies with those blocks, which coexisted with national strategies.

The strategic partnership launched in 1999 by the Heads of State and Government of Latin America and the Caribbean (LAC) and the European Union (EU) aimed at consolidating a space for political cooperation and inter-regional cooperation complemented by the gradual establishment of a euro-Latin American free trade area. Europe tried to distance from the purely commercial approach and promote a purported regulatory role in defence of a model that incorporated three dimensions:

political, through dialogue at various levels; economic, including trade and investment; and development cooperation, incorporating social policies.

The strategic partnership between EU and LAC is not only a top-down process lead by governmental agencies, but integrated multiple consultation mechanisms and frameworks that incorporate relations between social partners, various institutions and even parliamentarians. They have built up a network of contacts between large number of actors forming a multilevel relationship. The existence of such dense social network is a specific quality pattern of the EU dialogue with LAC. One of the particular aspects of the cooperation between Europe and Latin America is the horizontality through cooperation programs that come into direct contact institutions and actors of both regions.

The 2010 Madrid Action Plan added the social and economic dimension to the institutional and political dimension of regional relationship. The plan was structured into six thematic sections: Science, research, innovation and technology; sustainable development, environment, climate change, biodiversity and energy; regional integration and interconnectivity to promote social cohesion and migration; education and employment to promote integration and social cohesion; and the global problem of illicit drug trafficking. In all these areas a specialized political dialogue has been established. The Action Plan 2013-2015 adopted in the 2013 EU-CELAC Summit in Santiago, Chile, added 2 more points to the Madrid plan: gender and investment and entrepreneurship for sustainable development.

The international and regional scenarios of the 21st century are quite different from those that generated the EU-LAC model of relationship as we know it. Changes have affected all the three pillars of the strategic relationship between the EU and LAC - economic, development cooperation and political dialogue. At the commercial level, the entry into force of the free trade agreements between the EU and CARICOM, Central America, Colombia and Peru, as well as the renegotiation of existing agreements with Mexico and Chile and the new agreement announced with Ecuador frame a new map of agreements. These contrasts with the lack of progress in the negotiations with MERCOSUR. This picture should also be analysed in the context of the negotiations for a Trans-Atlantic Partnership between the EU, Canada and the US (the TTIP) and the lack of momentum in the Doha negotiations.

In terms of development cooperation, the XXI century has accelerated changes that have altered the relationship between the developing world and the traditional powers. The incorporation of heterogeneous actors, new instruments and forms cooperation, new standards of quality and greater accountability in relation to the results of political action have all brought in significant innovation. Changes have also concerned the agenda after the end of the cycle of the Millennium Development Goals (MDGs). Participatory processes of regional, national and thematic scope of the post-2015 agenda have affected the scope of mutual responsibility and the role of the traditional donor Official Development Assistance (ODA). New approaches to cooperation seem to distinguish emerging powers and middle-income countries, as well as various forms of South-South and triangular cooperation.

At the political level, the consolidation of CELAC is introducing a new framework umbrella serving sectorial dialogues. But this needs to be harmonized with the dialogues at different levels, including bilateral strategic partnerships with Mexico and Brazil and possibly the incorporation of new significant regional groupings in Latin America such as UNASUR and the Pacific Alliance. For all these reasons, a need for change to the current model is perceived in both regions.

5. Interregionalism, transregionalism and hybrid interregionalism in practice

This section studies the variety of EU-LAC institutionalised interregional relations focusing on the region to region mechanisms: EU-SICA, EU-CAN, EU-CARICOM, EU-MERCOSUR, and EU-CELAC.

5.1 EU and Central America

The relations between UE and Central America are probably the more successful of the EU support to the LAC regional integration. The 1984 San Jose process pioneered the EU political dialogue with the region. This engagement resulted in the institutionalization of the Rio Group-EU dialogue, predecessor of the EU-LAC Summits. The San José dialogue is now incorporated - as one of three pillars – in the new Partnership Agreement signed in 2010. The SICA has been strengthened in recent years also expanding its membership; the five founding members Costa Rica, Nicaragua, Guatemala, El Salvador and Honduras, have been joined by Belize in 2000 and Dominican Republic in 2014, but they are not part of the Partnership agreement.

This agreement is a signal of the EU commitment to supporting Central American integration. It includes mechanisms to address asymmetries both between the two regions and within Central America that should be tested once the agreement enters into force. The EU must also prove the extent of genuine support to regional integration and the commitment to sustainable development practices. In this way, cooperation on trade issues to promote the liberalization process has been added to an increased contribution to regional programs, including new funding for a Support Regional Integration Fund. In 2013 the EU acquired observer status in SICA.

The cooperation pillar in the Central America Strategy 2007-2013 had as main objective "to support the process of political, economic and social integration in the context of the preparation of the future Association Agreement" with 75 € million allocated for deeper integration⁷. This program continued the traditional institutional support linked to trade issues (creation of the customs union, adoption of international standards, legislative harmonization, investments promotion, intellectual property protection and harmonization of fiscal policies), but also included democracy, human rights and security and measures to "mitigate the impact of the free movement of goods, capital and persons."

In the new Latin American regional program 2014-2020, Central America is the only integration process maintaining its specific regional program. The Central America regional program⁸ has three focal areas: Support to strengthening regional integration; supporting regional security strategy and support to regional climate change strategy and risk management. The first pillar (€ 40 million) is primarily intended to deepen economic integration through the harmonization and implementation of regulatory policies, standards and statistics, support for intra and extra regional trade, promotion of SMEs, improving infrastructure and promoting regional productive value chains. However, the most important trading partner for Central America is the United States. The regional trade with the EU ranges from 5% of total export volume of Nicaragua to

⁷ 20 € millions were devoted to to institutional strengthening; 47 € millions to economic integration and good governance and 8 € millions to regional security.

⁸ http://eeas.europa.eu/ca/rsp/07_13_es.pdf

20% of Belize. Between 2008 and 2012, the EU's share in Central American trade has remained stable at 11.3%. Conversely, the trade with Central America is a minimum percentage of total EU trade. Thus, the EU interest in Central America isn't based on trade profits but on the region strategic position and the consequences that institutional fragility may have for regional security.

The second pillar (€ 40 million) includes prevention against violence with special attention to vulnerable groups; reintegration and social rehabilitation, strengthening law enforcement and operational regional cooperation and promoting the Culture of Peace citizen. Regional security is a key issue on the agenda of SICA ranging from transnational organized crime or domestic violence issues such as tourism security, given the importance that the sector has in Central American economies. The legal basis is given by the Framework Treaty on Democratic Security in Central America (1995) which established the Central American Security Commission (CSC). The Central American Security Strategy (ESCA), launched in 2011, is a fundamental tool for coordination and harmonization of actions among countries in the region. Priority to Security can be appreciated by the EU Council adoption of the EU Strategy for Citizen Security in Central America in July 2014.

The third cooperation pillar (€ 35 million) focuses on adaptation to climate change and regional risk management and disaster reduction in Central America, a region particularly affected by them. Energy policies to reduce emissions and to decrease the regional high degree of energy dependence are also included. In 2010 the SICA members adopted the first Regional Strategy on Climate Change (RSCC) to face the climate change impact. This was complemented the same year by the Central American Policy in Comprehensive Disaster Risk Management and developed in Action Plans that need resources to put them into practice.

Members of SICA are eligible for bi-lateral cooperation, except Costa Rica. Bilateral national strategies should complement the 2014-2020 regional strategies and the horizontal regional programs for the whole region. Exchanging experiences by horizontal programs is a useful way to channel South-South and triangular cooperation and encouraging the participation of civil society in low income countries of Central America. The EU sub-regional program highlights "the increasing involvement of private sector, civil society and other groups in making the integration almost irreversible". That's why the programme states that "A deeper involvement of civil society in the integration process is key and more work needs to be done on this front".

5.2 EU and Andean Community

The Andean Pact created in 1969⁹ was the integration process in Latin America with more similarities with the European Economic Community (EEC). Its institutional and legal structures were developed in parallel (De Lombaerde 2008) but differed as the CAN institutional structure remained intergovernmental and the regulatory framework kept separate internal and communitarian laws. The failure of the import substitution policies, the effects of the external debt great crisis in LAC in the 80s and the political instability in the country members contributed together to stall the project for a decade. Following the new dynamics of open regionalism In the 90s, the Trujillo Protocol (1996) was a new starting point for the Andean Community of Nations (CAN) to the establishment of a free trade zone, but also to improve integration in international markets.

⁹ Bolivia, Colombia, Chile, Ecuador and Peru were the original members, but Chile withdrew in 1976 after the Pinochet coup. Venezuela was incorporated in 1973 and retired in 2006.

The EU interest in this regional integration process aroused and negotiations for a Partnership trade agreement with the Andean Community (Bolivia, Colombia, Ecuador and Peru) were launched in June 2007, just after the signature of the FTA between Colombia and Peru with the United States. These two agreements entailed the withdrawal of Venezuela from the CAN and its transfer to MERCOSUR. The initial scheme for the EU-CAN negotiating process “bloc to bloc” was maintained for the development cooperation and political dialogue pillars. But negotiations failed as Bolivia left the talks in an early moment of the trade pillar negotiations and was followed later by Ecuador. Finally, two bilateral trade agreements with Colombia and Peru were signed in 2010. This was an advance for the EU map of trade agreements in the way to a future inter-regional FTA, but was also a failure in the EU inter-regionalist strategy with the CAN. However, a trade agreement was achieved in July 2014 with Ecuador.

Currently CAN integration process is threatened. After Venezuela left in 2006, Bolivia signed an adherence agreement with Mercosur as well, but without leaving the CAN. Ecuador is now negotiating its accession to Mercosur, whereas, Colombia and Peru are part of the Pacific Alliance. The creation of the Pacific Alliance highlighted political differences among the four remaining members of the CAN. The competition between the open model of liberalization of the Pacific Alliance and the protectionist of MERCOSUR weakened the CAN integration process. The trade relations EU-CAN have continued to rise in recent years with a positive balance of payments for the Andean countries, but the main trading partner remains the United States. Except Bolivia, whose main markets are Brazil and Argentina, the EU is gradually being displaced from the second place by China.

Discrepancies within CAN members also impacted on the development cooperation and political dialogue pillars. The first EU Andean Regional Cooperation Strategy 2002-2006 (29 € millions) and the second one 2007-2013 (50 € millions) specifically favoured Andean regional integration process¹⁰. Support for economic integration included: legislative harmonization and mutual recognition; intra-regional trade; facilitating international trade and international standards; facilitate investment; integration into the world economy; and strengthen the General Secretary. Moreover, the programs devoted to social cohesion also included the regional dimension supporting: the Integrated Andean Social Development Plan approved in 2004 (PIDS); the Andean Territorial Development Strategy transnational and cross-border projects; and strengthening CAN institutions. The support to fight against illegal drugs also included complementarity between national and regional actions.

The legal framework for EU-CAN cooperation and political dialogue still depends on the Agreement adopted in 2003 which is pending for the ratification by some European countries, but its implementation is conditioned by the changes in the EU development policy and the CAN decline. In the 2014-2020 EU programming the specific Andean regional strategy disappeared and Colombia, Peru and Ecuador are no longer eligible for bilateral cooperation. Only Bolivia can have its own national program, but has not commercial agreement and is in the process to access into MERCOSUR.

This loss of priority may be partially offset by European involvement in the Peace Process in Colombia and by the growing priority of the security issues related to drug trafficking and transnational crimes for the EU. A specialized Drugs High Level Dialogue CAN-EU exists from 1995 to exchange best practices and enhance further

¹⁰ The last established three priorities: economic integration (40%), economic and social cohesion (40%) and fight against illicit drugs (20%).

cooperation, co-existing with the Coordination and Cooperation on Drugs Mechanism between the EU and LAC. Different cooperation programs as the “Prevention of the Diversion of Drugs Precursors in the Latin American and Caribbean Region” (PRELAC) or the AMERIPOL project to enhance the capacities of the security authorities and the GAFISUD project against money laundering and organized crime are running. This will continue to be an axis for stronger co-operation but the security cooperation bodies created in UNASUR will probably acquire more prominent role at the expense of CAN.

5.3 EU and CARICOM

Overlapping cooperation schemas is reproduced in the Caribbean region reflecting the political diversity of this space (Sutton, 2012) composed of 12 island sovereign States and different dependent territories including Overseas Countries or Territories (OCT) linked to European countries (France, United Kingdom and Netherlands) and islands dependent from border countries (Belize, Colombia, Honduras, Mexico, Nicaragua, Panama, United States and Venezuela). The small size of these territories and the diverse colonial past, including also Spain and Portugal, determined a fractioned regionalism. Currently the main organizations are the Organization of Eastern Caribbean States (OECS) created in 1981¹¹ and the CARICOM created by the Treaty of Chiaguaramas (1973) and reformed in 2001 to create a future single market.

The CARICOM 15 member countries¹² have a total population of just 16.5 million, representing a very small proportion to the total LAC. The small size makes these countries too sensitive to external fluctuations. Trade with the rest of LAC is low and negative trade balance of payments is a shared trend except Belize, belonging to both the CARICOM and SICA and with more balanced trade. Also Venezuela has strong relations with Caribbean countries through the PETROCARIBE initiative providing preferential oil prices (Jacome, 2001). The role of the US in the Caribbean economies is crucial and the EU plays a much less relevant position. Only in three cases (Belize, Guyana and Suriname) the EU represents over 10% of the total trade and only with the first one is above the US. Furthermore, the EU faces competition of other Latin American countries such as Mexico and Brazil.

Despite weak economic links, the Caribbean historical and cultural relation with EU members determined a strong relationship. Sixteen Caribbean countries are part of the African, Caribbean and Pacific (ACP) group. This group created in 1975¹³ by the Georgetown Agreement established a strategic partnership through cooperation funds and programs and priority access to EU markets. After the British adhesion to EEC, this agreement added the Caribbean countries to the “Regime of Association” started previously with the African countries by the Yaoundé Convention (1963). This convention was the normative framework and established the institutions to manage the European Development Found (EDF) created in 1958¹⁴. The Agreement and the EDF, renovated regularly, is the most privileged relationships between the EU and Developing countries.

¹¹ Antigua and Barbuda, Dominica, Granada, Montserrat, St. Kitts and Nevis and Saint Vincent and the Grenadines. The British Virgin Islands joined in 1984 and Anguilla in 1995 bringing the membership to 9 countries in total

¹² Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago.

¹³ The ACP Group consists of 79 Member-States, all of them, save Cuba, signatories to the Cotonou Agreement which binds them to the European Union: 48 countries from Sub-Saharan Africa, 16 from the Caribbean and 15 from the Pacific.

¹⁴ The two first Yaounde conventions were followed by the Lome Conventions and the later Cotonou convention.

Current Cotonou Agreement was signed in 2000 and expires in 2020. The Political Dialogue is held in different formal and informal levels and geographic and/or sectorial levels (Commonwealth Secretariat, 2004). It includes High level Summits, Ministerial meetings, Parliamentary meetings and civil society encounters. The EU political dialogue is channeled through CARIFORUM, a political consultation Group established in 1992 that incorporates Cuba, not belonging to the Cotonou Agreement.¹⁵

The treaty established the pathway to substitute the non-reciprocal market access preferences into an Economic Partnership Agreement (EPA). The EPA between the EU and CARIFORUM was signed in October 2008¹⁶. It was the first EU treaty with a LAC organization “block to block” and also characterized by large north-south asymmetries. The agreements established an Association Joint Council to ensure the application and to adjust the contents to the context evolution, incorporating social dialogue and development cooperation. It also includes technical and financial assistance to strengthen the export capacities and diversify the production.

The EPA removes all tariffs and quotas to Caribbean exports to the EU (sugar and rice to be liberalized in short time). Caribbean countries offer a gradual opening of markets over a period of twenty-five years, but allow them to exclude sensitive products and industries. Improved “rules of origin” intends to have positive effects on the development of industries to export products to Europe. The implementation of the EPA has been difficult and with important delays in a context of the EU crisis and the economic downturn in most Caribbean states (Byron, 2014). In 2012 CARIFORUM deficit in goods export with EU was 1,6 billion € but the same imbalance in services trade was against the EU¹⁷.

Current cooperation priorities under the 11th FED program 2014-2020 were established in the Joint Caribbean-EU Partnership Strategy¹⁸ for the period 2012-2015 (146.7€ million), of which 75 € million goes to EPA implementation, and 28 € million to consolidating CARICOM Single Market¹⁹. The strategy stresses the necessity to involve civil society, non-state actors and parliaments in the implementation and monitoring. This agenda should be complemented with the overarching CELAC-EU Action Plan. The creation of CELAC, where the Caribbean represents 42% of its members, enhanced its regional role (Carrington, 2012) and contributes to coordinate both agendas. A good example is the approval of the Caribbean Security Strategy (CSS) during CELAC-EU Summit in 2013.

5.4 EU and Mercosur

The Mercosur area has the strongest and deepest historical and cultural bonds with Europe. It is thus unsurprising that this area also has the strongest political and economic ties with the EU. The EU has always assisted Mercosur as part of its support strategy for regional integration schemes elsewhere in the world, and by 1992, just one year after the Treaty of Asunción, the EU had made an agreement to supply the newly

¹⁵ British and Dutch Overseas Territories and Countries (OCTs) and French Overseas Departments in the Caribbean (DOMs) have observer status.

¹⁶ Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Surinam, Trinidad, Tobago, and the Dominican Republic signed the Economic Partnership Agreement with the EU. Haiti signed the agreement in December 2009, but is not yet applying it pending ratification.

¹⁷ <http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/> 26/03/2015

¹⁸ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/133566.pdf

¹⁹ The remainder will be devoted mainly to: cooperation with Haiti, to promote integration within the Caribbean states and the education of human capital

formed South American bloc with technical assistance. Although a possible EU–Mercosur association agreement is in the pipeline, relations between the two blocs at the moment are amply regulated by the 1995 Framework Agreement for Inter-regional Cooperation, which covers three fields: political dialogue, cooperation and commercial issues.

Political dialogue took shape in 1996 and includes meetings between heads of state and government, ministers and diplomats. These meetings usually take place in tandem with the EU–Latin American and Caribbean summits (now CELAC) to save time and economic resources. The key themes on the current agenda are the conclusion of the EU–Mercosur association agreement, better coordination of positions in multilateral fora, and intensification of cooperation in innovation and technology. Subregional cooperation, which is a complement to EU cooperation with individual member states in Mercosur, concentrates on assistance to help complete the common market of Mercosur and reinforce regional institutions and civil society. In particular, EU funds were used to support the Mercosur secretariat and the conflict resolution instrument, as well as measures for harmonization in the customs, statistical, veterinary and macroeconomic sectors. The EU is Mercosur’s main trade partner: it accounts for nearly 20 per cent of the bloc’s commercial relations, the EU is also a major exporter of commercial services to Mercosur, as well as the biggest foreign investor in the region (DG Trade, 2015).

Given their political and economic links, it seems logical for the EU and Mercosur to strengthen their exchanges by concluding an association agreement on the commercial liberalization of goods and services and creating a free trade area. Initially at least, the European Union’s interests lay in the growing export flow towards Mercosur during the second half of the 1990s before this trend was reversed in recent years. In areas which are of significant interest to the EU, such as the automotive sector, the restrictions enforced by Mercosur were a major issue. The incentives for Mercosur were the comparative advantages enjoyed by its agricultural and food products and the hope of reducing the commercial deficit of the 1990s. There were also defensive factors: the EU feared losing market quotas in the area following the conclusion of the (later suspended) Free Trade Area of the Americas, while the Mercosur countries were apprehensive about the EU’s eastward enlargement, fearing that EU resources would be directed elsewhere. Later, some of these motivations subsided and the association talks which had begun in 1999 ground to a halt in 2004. The EU decided to re-launch the negotiations in 2010.

There were multiple and complex reasons for this lack of progress between 2004 and 2010. As well as the changing international situation, particularly the shifting trends and equilibriums in trade surpluses which have altered the interests and strategies at play, it is important to note that the bilateral association agreement was closely linked with multilateral negotiations on similar topics within the World Trade Organization. The multilateral draft under discussion at the WTO was more favourable to Mercosur countries than the EU bilateral proposal. For this reason, the parties prioritized multilateral discussions, at least until summer 2006, when the collapse of the Doha Round provided a possible incentive to re-engage in bilateral dialogue. However, other difficulties existed. The European Commission’s own estimates confirm that a potential liberalization, whether partial or complete, would have relatively more positive effects for the EU than for Mercosur. This can be explained by the fact that over 60 per cent of products that Mercosur countries export to the Union are already free from import duty. This is true for both industrial and agricultural products. On the other hand, the EU’s most important export sectors (automotive, transport components, mechanical and electrical products) are subject to relatively high customs duties when entering Mercosur. Considering that the European Union also has an undeniable comparative

advantage in services and investments, the inclusion of these sectors in the free trade agreement linked to the association agreement would be another advantage for Europe. More importantly, the EU does not seem inclined to make significant concessions in the agricultural domain, which remains the key interest for Mercosur countries.

The re-launch of negotiations in 2010 is due to a number but a conclusion is not within reach yet. First, the rise of China forces the EU to look for new markets to compete globally and to defend more effectively its market quota abroad. China also offers Mercosur countries an alternative trade partner to the USA and the EU, thus increasing their leverage with the latter. Secondly, the stalemate of multilateral negotiations at the WTO seems endless, which increases the convenience of the bilateral option to both parties. Thirdly, the global crisis that shook the EU hard requires strategies to reactivate growth and employment, and fostering trade relations with Mercosur may be part of such a strategy. Fourthly, Brazil's rise ought to produce tangible results in terms of commercial expansion. The Lula administration was unable to produce any significant trade preferential agreement but it is in the area of trade that big powers and would-be ones will increasingly compete globally. Brazil needs some success in this domain, and the association agreement with the EU may serve this purpose as well as reinforce Brazil's credentials as leader of Mercosur and South America

5.5 EU and CELAC

Historically there have been two official mechanisms for political dialogue region to region between Europe and Latin America: EU–Latin America/Caribbean summits and EU–Rio Group summits. The first are biennial bilateral meetings between heads of state and government which identify the basic drivers and priorities for the bi-regional relationship. The first summit took place in Rio de Janeiro in 1999. The 2010 Madrid Summit may well have marked the end of an era and a cooperation model. With the creation of CELAC in 2011, and the first EU-CELAC Summit, celebrated in Santiago de Chile in January 2013, Latin America and the Caribbean now attempt to speak with one voice in international venues. This is meant to increase the global weight of Latin America and to make it heavier than that of sub-regional groupings (Appelgren, 2013). The second mechanism was the Rio Group. This was created during the mid-1980s by a small group of Latin American countries to support democratic consolidation. It later expanded to include almost all of the countries on the continent, and even Cuba joined in 2008. The EU–Rio Group summits of ministers used to take place every two years, alternating with the EU–Latin America summits. Now both mechanisms are incorporated in the new EU-CELAC system.

The first element that has to be kept in mind is that CELAC is a political project (Bonilla, 2013). This means that CELAC is not meant to produce direct economic benefit but to pursue political objectives and coordination. Interestingly, CELAC has been perceived as a promising step both by Latin Americans and international partners. Europeans have stressed in fact how CELAC provides a framework to work with everyone in Latin America, and therefore to overcome to an extent regional complexities and sub-regional fragmentation (Schafer, 2013). CELAC indeed provides an umbrella framework for all the EU-Latin American and Caribbean regional and sub-regional dialogues, with the latter now taking place at the fringes of the main political event thus saving time, human and financial resources. The CELAC-China Forum has also been institutionalized and the first meeting was held in January 2015 in Beijing. Negotiations are currently undergoing to strengthen CELAC relations with India and Russia too.

The EU-CELAC interregional mechanism also responds to a fast changing international scenario (Sanahuja, 2013). EU-ALC institutionalized biregional relations started in the 1980s, in a context of Cold War, conflict in Central America, and

democratic transition. Today, distribution of power and wealth are significantly different. The North Atlantic area is losing importance while the Asia-Pacific is rising. New partners available both for Europe and Latin America and the EU itself seem to be less important to Latin America. In this sense, the EU CELAC Summit may offer an opportunity to rethink EU-ALC interregionalism and drive it towards a renewed commitment to shared values, a synergy for the governance of globalization, a tool to improve international insertion in global affairs, and an instrument to focus on flexible and thematic cooperation (Sanahuja, 2013).

Yet CELAC, somehow paradoxically but almost naturally, embodies all the contradictions of Latin American and Caribbean regionalisms and attempts at unity (Ayuso, 2015). CELAC can be seen as a response to a changing context but also as a counter-hegemonic project in opposition to the US and the OAS. While diversity of members is taken as a given, the ability to reach significant consensus on issues with practical impact remains to be seen. Some members favour institutionalization and others prefer a loose and flexible structure. While CELAC boosted an Action Plan to develop economic relations with China, only a few members actively open their economies towards Asia while for instance Mercosur countries resist that. This has of course an impact on relations with the EU and the ability to produce tangible results and common commitments.

The first EU-CELAC Summit has confirmed the problems that all summitry exercise has, in particular the ability to deliver concrete measures (Maihold, 2010, Whitehead and Barahona de Brito, 2005). In 2013, the Santiago Summit produced a final Declaration in 48 points, hardly a list of priorities. Besides limited practical results, summitry often poses problems to leaders, diplomatic services and domestic constituencies in terms of time, energy, money, opportunity cost and swollen and diluted agenda. Yet, the EU-CELAC mechanism is an effort to address the challenges facing the two regions, it reflects the need for structured dialogue at the highest political level, and it is certainly perfectible. Most of all, the format of the summit seem to reflect a genuine societal demand that goes beyond government agendas.

The 2013 EU-CELAC Summit has brought together societal actors and state bodies other than the executives. In spite of the costs associated and other criticisms, this is a laudable step to reduce the democratic deficit and involve an ampler sample of the institutional spectrum from the two regions. On the fringes of the main political summit, a business summit and an academic summit fostered dialogue between significant stakeholders from civil society. The Parliamentary summit and the Courts of Justice summit involved in the process the other key branches of the state. Demand for this parallel events stemmed from those involved and their desire for contribution to shaping and directing the biregional relation. The tangible effects on the main political event may be limited but this does not diminish the value of this format.

6. Conclusions

Latin American regionalisms reflect the variety of interests and visions present in the region as well as a constantly evolving concept of regionalism and regional development. The different regional projects available are not only the result of the currently fragmented and multifaceted political and economic regional scenario but also the product of different epochs, reflecting different values and development strategies. Such a variety can coexist because of the significant gap between rhetorical commitments and practical implementation. The lack of depth in regional integration is also due to a lack of leadership, or in fact to an excess in leadership offer but a deficit in political and economic will to assume the costs of effective leadership.

Incentives and constraints to Latin American and Caribbean regionalism are of a varied nature. Political factors play a more prominent role than economic factors. Both elite and the population display high levels of support of the idea of integration but the will to have one's hands tight by regional commitments and common rules has been so far quite low. On the economic front, structural constraints limit the depth of Latin American regionalism(s). The region trades more extra-regionally than intra-regionally thus limiting economic incentives to deep cooperation. Often in the past Latin American and Caribbean regionalisms have been of a defensive nature against external influences rather than a positive policy to develop regional links and productive chains. Also, the real demand of integration by Latin American civil society is overall quite low and so is the real electoral debate about regional integration.

Inter-regional dynamics with the European Union reflect many of these considerations. The EU had to establish several sub-regional mechanisms of political dialogue and economic relations due to the variety of sub-regional integration schemes in Latin America and the Caribbean. Historically the inter-regional dynamics has been propelled by the EU and has reflected essentially its priority and vision, including incentives and concrete policy in favour of the deepening of regional integration. Interestingly, and following European priorities and needs, civil society has been more directly involved in inter-regional mechanisms than in regional integration schemes. With the creation of CELAC, Latin America and the Caribbean are bound to play a more proactive role, especially in terms of agenda setting, in inter-regional relations with Europe.

In theoretical terms, the EU-ALC relation, including the most recent EU-CELAC format, displays the full range of features of the conceptual tool developed for the Atlantic Future project. Relations between regional groupings, transregional arrangements as well as hybrid interregionalism are present. The element of summitry is very much central to the whole process. For many years, and arguably still today, in the domain of politics the EU has assumed an almost *hegemonic* role, with Latin America being largely *emulative*. More recently, after the 2008 global crisis, this feature has been tamed. In the economic sphere, *cooperation* is now making way to a more genuinely balanced *exchange*. "Over the years, the two sides have progressively built up a broad-based relationship of equals". (EEAS, 2014). This statement suggests that the goal of an equal partnership has been an incremental process. The goal now seems to be within reach.

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