

Berlin Perspectives

Analysing German European Policy

EU, Latin America & the Caribbean – still “natural partners”?

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Europäische Politik

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In the last decade, the EU disengaged from Latin America and the Caribbean while China and Russia increased their presence there. In midst of the war in Ukraine, the region gained global weight as a provider of natural resources and an alternative to Russia as a source of energy, which is a strategic interest of Germany. The EU needs to recover this traditional “strategic” partner to strengthen multilateralism and global governance, and it should invest more money and time to translate their community of values into an action plan. Recognizing the ideational differences between them on how to promote democracy, development and peace will be a first step in this process.

Decline and attempted revival

On 17–18 July, under the presidency of Spain, the EU will host its eighth Summit with Latin America and the Caribbean (LAC) in Brussels. This is good news, bearing in mind that the two regions have not met at the highest political level since 2015. But expectations on both sides should not be too high: the summer holiday period in Europe, the day-to-day business in Brussels and the elections in Spain a few days after the summit should lead to rather low media attention and visibility for a summit that will produce few novelties, and no consensus on the war in Ukraine.

[A new comprehensive roadmap](#) – defined by the EU according to its own agenda focused on the Green Deal,

renewable energies and the digital challenge – will guide relations with LAC in the next decade. The EU is coming back to the region but the question is whether the region still needs it. In the last two decades, LAC’s relations with its two traditional partners, the United States and the EU, declined constantly. The negotiations on the EU-MERCOSUR Trade Agreement stagnated. Meanwhile, Brazil’s membership of the BRICS group fostered relations with China and Russia, and Beijing put itself forward as the champion of trade and the provider of new investment and infrastructure in the region.

In 2022, the EU fell to fourth place among LAC’s trade partners, from having been second at the end of the 1990s. With 11 percent of the region’s trade, there is little chance that the EU will recover its former economic presence there. Although the EU remains LAC’s main investor, China will soon surpass it thanks to the Belt and Road Initiative, soft loans offered by international Asian Banks or the New Development Bank, and a long-term strategy of engagement by the Communist Party. The EU can compete neither with China’s economic commitment in the region nor with the United States’ special relationship with Mexico and Central America.

Within the region, the EU has traditionally focused on Brazil and the other MERCOSUR countries (Argentina, Paraguay and Uruguay). The prospect of an association with this trade bloc motivated the EU to launch its summits with LAC, the first of which was held in Rio de Janeiro in 1999. But, more than two decades later, the goal of creating an inter-regional association has not been achieved. The EU’s recent attempt to impose an additional

environmental amendment to the trade agreement with MERCOSUR has been rejected by Brazil's President Lula da Silva. This means that a final agreement will not be signed at this month's summit, which will have few concrete results beyond the finalization of upgraded free trade agreements with Chile and Mexico and the inclusion of LAC in the EU's Global Gateway.

The war in Ukraine and the resulting energy crisis renewed the attention of the EU and Germany to a region with important natural resources (oil, coal, natural gas, hydroelectric power). In the first half of this year, Germany carried out a diplomatic charm offensive there with visits by Chancellor Olaf Scholz and Foreign Minister Annalena Baerbock to Argentina, Brazil, Chile, Colombia and Panama. This was mainly motivated by a combination of economic, energy and climate-change interests.

The positions of Brazil and Germany have become closer on climate change and the reactivation of the Amazon Fund, to which Berlin is a major contributor. Lula and Scholz agreed to strengthen the bilateral strategic partnership by reinforcing cooperation on renewable energy (which meets 40 per cent of Brazil's needs) and global affairs. Scholz's visit to Argentina and Chile – which are among the top four lithium producers – also focused on economic issues. But the visits by Germany's chancellor and foreign minister failed to convince Brazil to align with the EU's position on the war in Ukraine. Scholz's attempt to get Brazil to send weapons to Ukraine failed and Baerbock's visit did not produce any results.

Overall, while LAC was looking more across the Pacific than the Atlantic, the EU focused on its eastern and southern borders and paid less or no attention to the region without realizing it was undergoing a process of de-Europeanization. It might be too late to re-engage there. At the minimum, the EU and Germany have to offer the region something different than China and more than the usual discourse of a 'natural partnership', which [Baerbock](#) recently reiterated.

Still 'natural partners'?

The EU's official discourse and [documents](#) repeat the mantra of Latin America and the Caribbean as a 'natural partner'. But is this still true? Compared to China and the United States, the EU's strategic advantage in the region lies in a non-hegemonic and normative approach based on a common cultural heritage. A mutual commitment to international law and shared values such as human rights, democracy, peace and development have been the pillars and a distinctive characteristic of their relationship. But this is beginning to change: Asia and Africa are now also seen by the EU as ideational partners, while the EU-LAC community of values is at risk. The EU and LAC alike look at the world through a more realist lens and are less committed to their traditional liberal agenda.

Today, Russia and Ukraine dominate the EU's foreign and security policy. NATO and the United States are the core focus of its external agenda, alongside relations with China. Next are the eastern and southern borders. The EU sees LAC as not posing any security threat and as a secondary player on the international stage. The exception to the latter is Brazil because of its economic weight, its membership in the BRICS and Lula's focus on South-South cooperation, including strategic relations with China as the country's most important market.

By contrast, China and other Asian countries dominate the LAC, and particularly the South American, economic agenda, and the region is less committed to its traditional transatlantic partner. China and LAC will hold their first summit in 2024. They share principles such as non-interference in internal affairs, respect for national sovereignty, rejection of unilateral sanctions and the absolute priority of development. Relations with countries outside the Atlantic space are beginning to change LAC's identity and to undermine its commitment to a liberal international order imposed by the United States and the EU.

The region is becoming less democratic. The [EIU Democracy Index](#) identified in 2022 two full and nine flawed democracies there as well as eight hybrid regimes and four autocracies. This confirms an increasing LAC polarization and autocratization. The trend of democratic backsliding is mainly the consequence of weak institutions, poor public policies and strong leaders, but also of the increasing engagement of China and Russia in the region. This is particularly the case in Cuba and Venezuela where they compensate the counterproductive US, and in the latter case EU too, sanctions. Not even during the presidency of the right-wing Jair Bolsonaro did Brazil join the EU in sanctioning Russia. The rejection by nearly all LAC countries of any type of unilateral restrictions or coercion is another sign of their increasing ideational distance from the EU and Germany.

How to recover the EU-LAC partnership

If the EU and Germany are to recover their influence and presence in Latin America and the Caribbean, defined as strategic partners at the first Summit in 1999, the following four steps would help.

First, the EU and Germany should treat the region as an equal on the international stage rather than as a passive 'natural partner' and recipient of development funds. This means addressing shared political challenges such as populism and polarization, but also inequality and poverty as a threat to democracy and human rights, or the uncomfortable position of both regions between China and the United States.

Second, the EU and Germany should recognize the region's increasing ideational distance from them. They need to address fundamental differences on sanctions

and other forms of unilateral coercion, on military versus diplomatic responses to international conflicts, on the liberal view of international politics that justifies a conflict between democracies and autocracies, and on the dilemma of aligning with China or the United States. New thematic political dialogues of interest to both – for example, on democracy and human rights, on international conflicts (including the war in Ukraine) or on sanctions and coercion – would not require much effort and might be very effective in this regard.

Third, the EU and Germany must invest more economic and political capital in relations with a like-minded region that they have long neglected. To be a global actor, the EU needs engagement beyond its eastern and southern neighbourhoods. It is not smart to include LAC in initiatives such as the Global Gateway or to announce the finalization of negotiations with MERCOSUR and at the same time to attempt to impose new requirements to the trade agreement that are difficult to accept for MERCOSUR members. Germany strongly favours the agreement and should convince other member states to withdraw technical obstacles for the benefit of a first inter-regional association that will include Brazil, the EU's main LAC partner.

Fourth, the EU should try to translate the community of values with LAC into a shared international action plan. This requires political negotiations between them on global issues such as climate change, the war in Ukraine, the challenges that China poses or the consequences of artificial intelligence as well as the adoption of common positions at the UN and other international organizations. Both sides share a strong commitment to multilateralism and international law; they could act jointly as an international norm entrepreneur for more global governance. A closer cooperation on the international agenda is particularly relevant with Brazil and Mexico – the two LAC countries with which the EU has a bilateral strategic partnership.

A return to a mutual liberal agenda and shared interests would also contribute to achieving the goal defined at the first EU-LAC summit in 1999: to build a strategic inter-regional alliance. The appeal for solidarity with the EU over the war in Ukraine and other EU interests will require greater diplomatic efforts and some incentives to create a political alliance with LAC beyond summit declarations. Without a stronger commitment in a region it has neglected, the EU's vision of them being ['key partners in strengthening the rules-based international order, standing together for democracy, human rights and international peace and security'](#) will not come true.

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The policy brief series is published by the Institut für Europäische Politik (IEP) and provides precise analyses and policy recommendations for German European policy on current issues and debates.

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Publishers

Dr Katrin Böttger and Dr Funda Tekin

Editorial team

Johanna Hase

Layout

Laura Worsch

ISSN: 2701-3014

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Co-funded by
the European Union