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LATIN AMERICA'S RELATIONS WITH EUROPE

A Stable but Limited and Fragmented Partnership

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In a multipolar world, the European Union (EU) is not any more a soft power alternative to US dominance in Latin America but just another powerful actor in a multi-actor game of engagement in the region. Apart from the realist perspective of interests, Europe offers Latin America a partnership perspective beyond the realist paradigm and a soft power model of relations based on norms and values. For Latin America and the Caribbean, Europe has been a reliable and long-standing partner engaged in development, on human rights and on trade and investment. From time to time close and cordial relations had been overshadowed by conflicts such as the Malvinas/Falkland conflict in 1982, the tensions with Cuba or the divergent positions on agriculture, but in general terms, cooperation and dialogue characterized the relationship. Nevertheless, the rise and strong presence of Asia in Latin America, the economic crisis in the eurozone and the decline of the United States in the region's political priorities and trade patterns have reduced the prospects for an interregional association defined at the first EU–Latin American and Caribbean (EU-LAC) Summit in 1999.

The launch of free trade negotiations between the EU and the United States in June 2013 will further modify traditional patterns of relations defined in the 1990s by Europe's vision of a world integrated by regional blocs, one of them being Latin America and the Caribbean. The parallel opening of talks about the two "Ts," the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP), might divide the world into two complementary and competing mega trade blocs. This scenario would also change EU–LAC relations, which up to now have been based on the assumption of exclusive interregionalism.

Global shifts have always been a main driver for EU–LAC relations. During the Cold War, relations had been defined by both the alliance with the United States and the attempt to define, by the launch of a peace and dialogue process in Central America, a neutral or third position between the two superpowers. The 1990s were clearly dominated the EU's view of regional integration and group-to-group dialogues that remains dominant in its policy toward Latin America and that culminated in the Ibero-American Summits in 1991 and its bi-regional edition in 1999. More recently, this focus has been replaced by a sophisticated but fragmented multilevel strategy, based on different treatments and by singling out Brazil and Mexico as strategic partners of the EU and some member states.

Today, relations lack a clear focus and are dense but highly dispersed between a large range of topics and partners. The confusing pattern of relations reflects that neither the EU nor Latin

America has defined strategic visions to clarify what they expect from each other. If the EU once served as a counterweight to dominant Latin American and Caribbean relations with the United States, this role has come to an end with the entry of China and other new players in the region. And the economic and global rise of Latin America makes the traditional EU development policy increasingly obsolete and outdated. Thus, there is an urgent need for a new paradigm in relations (Gratius 2013a).

At the long run, the economic crisis in Europe has reduced its global weight and, consequently, its influence in Latin America. This trend will transform traditional asymmetric relations into more horizontal ones. Regarding crisis management, privatization and social decline, Latin America has important lessons to offer to Europe, while the evolution of the European integration model—spill back, spill over or spill around—will have a strong impact on Latin American's own process of regionalism and regionalization.

Changing Patterns of Relations: The Need for a New Paradigm

Cooperation between the EU and Latin America has been defined by the interregional paradigm, taking as given that both are integrated actors and not, as a matter of fact, highly fragmented areas dominated by national interests that clash with coordination efforts, even though the EU is obviously a much more advanced integration model. Another dominant perspective is the highly asymmetric nature of relations and the North–South development paradigm. The official narrative on European–Latin American relations also tells us that both regions are natural partners that share the same political values and cultural heritage (European Commission 2008, 5). In this context, Spain has been attributed a special role as a bridge builder in EU–LAC relations. Another myth in the dominant literature has been the view that the EU presents itself, by its integration model and value-oriented external relations, as a soft power alternative to US hegemonic aspirations in Latin America and the Caribbean. Related to this perspective, both regions have been defined as civilian powers without military aspirations.

These traditional approaches regarding these relations are increasingly obsolete and should be replaced by a new paradigm that reflects the changing patterns of relations in the last decade. Latin America and the EU are not unified actors. The trend toward fragmentation is obvious in Latin America and the Caribbean, where different entities and political alliances evidence the lack of a common vision or position beyond subregional identities and despite reiterated attempts to create a single regional organization (Grabendorff 2012, 26). But fragmentation is also increasingly visible within a European Union divided into Germany and the rest or the Northern coalition against the South European countries including France. This might be a transitional period until the EU goes into the next phase of deeper integration, including eurobonds and the Banking Union, but there is a real North–South divide in economic terms that will be difficult to bridge.

Because Latin America and the EU are fragmented actors, consequently relations are divided into various dialogue platforms with governmental and nongovernmental actors. Different speeds and a variable geometry of relations are a common practice in relations: Brazil and Mexico are strategic partners of the EU; Central America, Colombia, Chile, Mexico and Peru signed free trade agreements, while relations with Argentina, Bolivia, Paraguay, Uruguay and Venezuela—the MERCOSUR (Southern Common Market) without Brazil—are declining. Moreover, within each zone, Germany and Brazil are emerging as global and regional powers.

Despite these divisions, relations still follow the model of interregionalism based on the idea—launched at the first bi-regional summit in Rio de Janeiro in 1999—to create an association between the EU, Latin America and the Caribbean. This model has lost attraction and is no longer viable. The interregional approach may be still valid for EU–Central American and EU–Caribbean cooperation, but bilateralism has become the dominant trend in relations with Colombia, Chile, Mexico, Peru and, probably, Ecuador. All these countries have signed or will sign free trade–plus (cooperation and dialogue) agreements with the European Union. Given the enormous difficulties to conclude successfully fourteen years of negotiations with MERCOSUR, bilateral deals, following the example of the multiparty agreement that the EU signed with two member states of the Andean Community (Colombia and Peru), seem more likely than an association agreement between the EU and MERCOSUR. The two strategic partnerships Brussels has established with Brazil and Mexico are a further indicator for bilateralism as a dominant pattern in relations. Nonetheless, the interregional formula and particularly the summits—starting in 2013, between the EU and the Community of Latin American and Caribbean countries (CELAC)—will be maintained as an umbrella and general framework of cooperation.

Closely linked to interregionalism as a formula to export the EU's model of interstate governance to the world has been the persistent idea that Latin America's regionalism will follow the European integration process. There are many reasons, however, why Latin America will never copy the European integration model, the most important being the strong commitment to national sovereignty and autonomy (A. Malamud 2012) that is an obstacle for supranational institutional building. The constant debate on Latin America's "integration process" lacks common ground with the European process. Whereas in Europe the EU is the only game in town, in Latin America and the Caribbean, ten different entities[1] coexist to address integration with different goals and levels of commitment. CELAC, the EU's new summit partner, is not even an international organization but is an informal coordination mechanism for political dialogue and regional summitry. A similar conclusion can be drawn regarding the Pacific Alliance, created in 2012 to promote the four liberties (free circulation of goods, capital, persons and services) among Colombia, Chile, Mexico and Peru. The Andean Community, the Caribbean Community (CARICOM), MERCOSUR, the Central American Integration System (SICA) and the Union of South American Countries (UNASUR) are international organizations and integration schemes, but they lack a clear commitment to go beyond customs unions and, in the case of the Andean Community, have begun to disintegrate (Serbín 2010). The fact that the EU signed free trade agreements (FTA) with four individual countries, following the example of the United States, evidences that the interregional or inter-subregional formulas, based on the assumption that Latin America will import integration models, have not been too successful. In a multipolar world, not regionalism but trans-regionalism, national sovereignty and intergovernmental negotiations seem to be dominant trends that might further undermine Europe's own integration model and, thus, its influence in Latin America.

Common EU–LAC declarations underline that Latin America and the EU are natural partners of the West, based on shared values such as democracy, human rights and peace. This is true in theory, but not necessarily a political reality. For example, UN voting patterns of the EU and the Latin American countries, particularly Brazil, on human rights are not always similar but, as in the case of Iran or other international conflicts, often opposed (Gratius 2012b). Ideological differences and power strategies (the Brazilian commitment in BRICS) marked a Latin American shift from the West toward nontraditional partners such as China, India or Russia. From a Latin American perspective, rather than an independent actor, the EU has been perceived as part of the transatlantic alliance with the United States, its real strategic and principal economic partner. The best example to illustrate the EU's close relation with Washington is its ambiguous policy, between constructive engagement and political pressure, toward Cuba. Nonetheless, different from the

United States, the EU has not sought to impose democracy and human rights by force or sanctions. For example, the democracy clause included in all bi-regional agreements of the EU had originally been a Latin American demand after re-democratization in the 1980s. In this sense, democracy and human rights are part of the EU–LAC heritage but, in contrast to the EU aspiration (Commission of the European Communities 2009), not necessarily the bases for developing common positions on the international stage.

The severe economic and social crisis in Europe and the upgrading of Latin America as a middle- and high-income region reduced asymmetries and imposed the need for a new type of relationship beyond the traditional North–South focus of development assistance. Although the EU (member states and the European Commission) still represent nearly half of Latin America's development cooperation, Official Development Assistance (ODA) will concentrate on the region's few least-developed countries such as Haiti, El Salvador, Bolivia, Ecuador, Guatemala, Honduras, Nicaragua and Paraguay. The rest qualify as middle- or even high-income countries, such as Brazil and Mexico, which are now excluded from these funds.

That Latin America's rise has begun to neutralize the traditional brand and comparative advantage of the EU in the region, development assistance, is a paradox. The shift away from the North–South paradigm might have two consequences: a further loss of EU influence in Latin America or the redefinition of relations from asymmetry to partnership. Many shared problems, particularly between Southern Europe and Latin America, could replace the traditional development agenda. Although, the context is different, Latin America's historic cycle of the lost decade in the 1980s has been reproduced in Southern European countries. There are some parallelisms: to a certain extent, Germany plays a similar role in Europe as the United States had assumed in the Latin American debt crisis of the 1980s; similar to Latin America, the European states assumed the private debts of the banks with the well-known consequences of dismantling public services and restricting credit to solve the debt crisis. The neoliberal Washington consensus of the 1990s also has some elements in common with the German austerity policy in the EU, such as fiscal policy discipline, privatization, low inflation rates and low public spending (Gratius and Sanahuja 2013). Within different regional contexts, Southern European countries, including Spain and Portugal, suffer problems similar to Latin America's in the past: increasing poverty rates, high levels of unemployment, income concentration, inequity and the risk of populism (Gratius 2013a). An exchange of experiences and possible solutions for the economic and financial crisis would help to redefine relations toward a more balanced partnership.

The rise of Brazil—the seventh largest world economy in 2012—and the decline of traditional European partners like Portugal and Spain—the thirteenth largest economy—have also altered the patterns of relations. Spain is no longer, if it ever was, a bridge-builder between the EU and Latin America. The EU–LAC Foundation is a good example. It was initially proposed by the Spanish government, but it was finally settled in Hamburg. None of the Foundation's "strategic partners" is based in Spain, however. Another example is the EU policy toward Cuba. The fact that the EU reopened in 2013 negotiations with Cuba on a cooperation agreement—after two failed attempts in 1995 and 2000—without Spanish leadership and while Spain was under the conservative government of Mariano Rajoy—indicates that even in its traditional terrain, EU–LAC relations, Spain has lost influence.

Because of its historic and cultural links and economic interests, however, Spain maintains its bilateral agenda on Latin America. Spain is the second-largest investor of Latin America and an important trade partner of the region. Nonetheless, its political influence channeled through the Ibero-American Community, created in 1991, and the annual summits between its twenty-two member states, is clearly declining. In the period 2011–2012, the Spanish budget for development assistance was cut by more than half; the traditional high financial contribution to the General

Ibero-American Secretariat (SEGIB), housed in Madrid, and ongoing projects will decline. The Ibero-American Community of Nations is currently under review (Ortiz 2013). Among others, the reform foresees holding summits every two years and a "latinamericanization" of the forum, including higher financial commitments of other member states.[2]

The lower weight of Spain in the EU and in relations with Latin America also reflects that, in contrast to the 1980s, the EU does not serve any longer as a real counterweight of the United States in terms of political influence (through the summits) and competing economic interests. Regarding the latter, Spain remains Latin America's principal European investor, but the country's share in foreign direct investment (FDI) stocks fell from 22 percent in 2002 to 14 percent in 2011.[3]

Apart from Spain, few European countries have clear interests in the region. Even an empowered Germany does not focus on Latin America but on Asia, particularly on exports and investment to China. Other traditional European partners of Latin America, such as France, Italy, Portugal or the United Kingdom, have reduced their engagement in the region. Constant enlargement processes—Croatia was the latest country to join the EU in July 2013—and the Arab Spring had a "political diversion effect" in Europe regarding Latin America. Moreover, the economic crisis of the eurozone has further reduced the European commitment on a non-neighborhood region.

These trends make Europe a less attractive partner for Latin America. Since the Asian engagement in Latin America, China seems to be the real counterweight to the traditional US dominance. In fact, it is not Europe but Washington that has been the most affected by trade diversion from China. In the period 2000–2010, the US reduced its participation from 49 percent to 32 percent in imports and from 58 percent to 40 percent in exports (Comisión Económica Para América Latina y el Caribe [CEPAL] 2012). In contrast, the EU's share in Latin America's trade flows (exports plus imports) is stable, though declining to 14 percent, which is even below Latin America's intraregional exchanges (18 percent). Even though the EU as a bloc is still the region's main investor, China is a powerful competitor; 9 percent of its total FDI is in Latin America and the Caribbean.

Divergences and Convergences

Thanks to geography, the lack of hegemonic powers and European integration based on pooling sovereignty, relations between the EU and Latin America are less conflictive than other partnerships. Lower levels of dispute are also the result of a dense network of political contacts, similar values and an increasing number of dialogue forums at all levels and with different partners since the 1980s, including the celebration of regular Summits since 1999.

The Central American crisis and the common effort for a peaceful solution was the starting point for a political dialogue with the EU. In 1990, the so-called San José Process—the conferences between the EU, Central America and the Contadora group—led to a ministerial dialogue between the EU and the Rio Group and, nine years later, to bi-regional summits.

The close political network has not yet been translated into common positions at the regional or global stage but it has been an efficient mechanism to reduce interregional tensions or conflicts. Examples have been the Central American crisis in the 1980s, when the EU established the San José Process—the first dialogue with a Latin American partner—and the European engagement for a peaceful solution of the internal war in Colombia.

Regular political dialogues and particularly summits also helped to sharpen the interregional agenda including the identification of new issues such as drugs, migration, climate change or innovation and technology, which have been translated into new regional cooperation programs

Table 15.1 Political Dialogue Forums EU-LAC

Regional	*Subregional*	*Bilateral*	*Sectoral*
EU–LAC summits	Dialogue with CARICOM	Annual summits with Brazil (+ 30 sector dialogues)	Drugs
EU–LAC parliamentary assembly	Dialogue and negotiations with MERCOSUR	Annual summits with Mexico (+ sector dialogues)	Migration
	Dialogue with Central America	Political dialogue with Chile	Social cohesion
	Dialogue with the Andean Community	Political dialogue with Colombia	Climate change
		Political dialogue with Peru	Innovation and Technology

Source: Author's elaboration.

(Alban, Euroclima, EUROsociAL, etc.) (see Table 15.1). Compared to China or the United States, political coordination on different topics of regional and global governance is a distinctive element of EU policy toward Latin America and the Caribbean. In this sense, relations are balanced and unilateral impositions are rare. Official documents and summit declarations confirm that, in contrast to the United States, EU–LAC relations are more horizontal and value driven. In practice, Cuba's inclusion in the summits or the recognition of CELAC as an equal partner—in January, the EU and CELAC celebrated their first-ever summit—demonstrate a partnership approach that is less evident in US–Latin American relations.

Trade and development assistance have been the two dominant instrument of the EU policy towards the region and the principal tool to design a multilateral strategy beyond member-state interests. In 2012, the EU (including member states) accounted for 48 percent of Latin America's and the Caribbean total ODA. Consequently, Europe has been the region's largest partner of development. Nevertheless, with a share of 6 percent in total funds channeled through the European Commission in 2011, Latin America is not a priority in the European development policy (European Commission 2012). The Caribbean and Central America, followed by the Andean countries Bolivia, Ecuador and Peru, have been the main beneficiaries of European development assistance. Given the strong engagement of the EU during the Cold War peace process in Central America, funds allocated in this subregion have been particularly high. Projects in post-conflict societies such as El Salvador, Guatemala, Honduras and Nicaragua focused on human rights, democracy, social development and, at a regional level, on integration. Nonetheless, the presence of organized crime, high-poverty and -inequality rates and increasing levels of violence demonstrate the limited impact of official development assistance in a context of fragile or inefficient state structures. Thus, to a certain extent, Central America's negative record in terms of development also reflects a failed policy of the EU, which is still the main donor of the subregion.

Although a series of regional programs such as EUROsociAL, Alban, Euroclima and others has been identified, many by EU–LAC summits, European development cooperation has a clear bilateral focus, reinforced by the country strategy papers of the European Commission (Sanahuja 2008). The trend towards concentrating funds in the least developed countries will have a negative impact on Latin America's position in the EU's development policy. Spain might maintain its traditional focus on the region, but in the period from 2008 to 2012 Spain fell from sixth to thirteenth in the donor ranking and it will likely further reduce funds for development projects. The new label is South–South and triangular cooperation (Morazán, Sanahuja, and Ayllón 2012), joining Latin American and European efforts to foster development in the poorest countries of the region and in other continents like Africa where Brazil and the EU are particularly active.

The EU–LAC trade agenda started in the 1990s in a bloc-to-bloc format, and in a first period, it was clearly focused on MERCOSUR, created in 1991. At their first-ever bi-regional summit held in Rio de Janeiro in 1999, both partners agreed to launch a negotiation process on an association and FTA agreement, with MERCOSUR closely linked to the EU. More than twenty negotiation rounds, the temporal shift from the interregional to the multilateral format in the WTO Doha round, and the return to the original bloc-to-bloc negotiations prove that, despite a strong political will on both sides, it has been impossible to sign an association agreement. The obstacles are clear: EU protectionism on agriculture via nontariff barriers and MERCOSUR's resistance to opening its industrial sector and services for European competition. Additional problems have been MERCOSUR's priority for widening (accepting Bolivia and Venezuela as new member states) and tensions between Spain and Argentina on the nationalization of Repsol. To these obstacles on the MERCOSUR side can be added the crisis of the eurozone that makes concessions on the reduction of agriculture subsidies even more unlikely.

New incentives for both sides to conclude a deal have been the entrance of China (Brazil's main export market) and the simultaneous EU–US negotiation process. Although the conflict on agriculture will last, thanks to the Chinese demand and alternative for MERCOSUR agriculture exporters, it is not any more a hot issue in relations. The trade diversion effect of China's economic engagement in Argentina, Brazil and Venezuela for the EU and the risk of deindustrialization are further incentives for an EU–MERCOSUR deal. However, a bi-regional deal will not be signed soon, and some experts (C. Malamud 2012) argue that MERCOSUR will fail and Brazil might be willing to engage in a bilateral FTA, although the political costs that might cause a disconnect from the MERCOSUR agenda would have to be weighed against the even higher costs of long-term trade isolation. The problem could be solved along the lines of the EU-Andean model, that is, negotiating a multiparty agreement implemented through individual negotiations (until 2013 with Colombia and Peru). The failure of bloc-to-bloc negotiations with MERCOSUR and the Andean Community are manifest in the fact that the same group of individual Latin American countries that liberalized trade with the United States has also signed free trade agreements with the EU: Central America, Chile, Colombia, Mexico and Peru.

Due to the economic crisis in Southern Europe, a political dialogue on the issue and the possible launch of an interregional observatory migration has become a less conflictive item on the agenda, although tensions on unilateral EU visa for certain Latin American countries, and the return and the treatment of irregular immigrants remain issues. Nonetheless, the economic crisis in Spain (the main recipient of Latin American immigrants) has reduced new inflows, and many immigrants returned to their countries of origin or have left to look for employment opportunities outside Europe. A special dialogue on migration, inaugurated in 2010, also helped to mitigate tension that emerged due to the approval of a more restrictive EU regulation on migration approved in 2010 that caused large concern in Latin American countries (Ayuso 2009).

One of the new hot topics in relations is urban security related to social inequity and drug trafficking. Recently the topic has been identified by the European Commission as a key concern in development cooperation with Latin America and the Caribbean. In this area, Europe offers an alternative model to the prominent US influence and the paradigm of the war on drugs. De-penalization of certain drugs like marijuana, a preventive health policy, the decriminalization of consumption and a regional policy of drugs control are a European approach that seems to be increasingly attractive for Latin America.

There is a growing intra–Latin American consensus that the iron-fist policy, characterized by the intervention of the armed forces against drugs-barons, the criminalization of drugs consumers and small dealers and the eradication of coca plants have not been successful. The failure of the war on drugs—particularly in Mexico, where 65,000 deaths in the last five years have led to a situation of national emergency—resulted in an intergovernmental debate in the Americas, initiated by Colombia and Guatemala.

At the OAS General Assembly in June 2013, Latin America, Canada and the United States agreed on a preventive policy as an alternative to the criminalization and militarization of the drugs problem. In line with EU–LAC policy, focused on a regular dialogue, and the principle of co-responsibility and cooperation, the American states agreed to consider a more European approach on drugs, including the de-penalization of certain substances.

This new focus offers the opportunity for a political alliance between the EU, Latin America and the Caribbean, while the United States continues to be more reluctant to accept the soft approach of the EU and increasingly of Latin America based on the de-penalization or legalization of certain drugs and a health policy. Particularly in this area, the EU could sharpen its profile as a real counterweight to the US policy in Latin America and the Caribbean.

Special Partnerships: Brazil, Cuba and Mexico

Brazil, Cuba and Mexico held special relations with the EU. Brazil (2007) and Mexico (2008) are strategic partners of the EU including annual summits and a close dialogue on global issues. Cuba is the only Latin American and Caribbean country where the EU has approved a Common Position and the only one that has not signed a cooperation agreement with the EU.

Mexico holds privileged relations with the EU: apart from the strategic partnership, the country was the first in Latin America that signed, in 2000, a free trade–plus agreement with the EU. Apart from trade interests in Mexico, the EU used the agreement as a platform for relations with the United States. Mexico established a closer relationship to the EU as a counterweight to dominant and asymmetric relations with the United States, which takes 80 percent of its exports. More than a decade after the signature of an FTA with the EU, the balance is rather mixed. The EU still accounts for less than 6 percent of Mexico's total trade and remains its second largest investor but is far from offering an alternative to the US market (Gratius 2012a). Apart from economics, the EU and Mexico are like-minded partners regarding global development issues and climate change, among others. Taking into account that Mexico is the tenth-largest contributor to the UN budget, both partners are strongly engaged on the multilateral agenda.

In 2010, without signing an FTA, Mexico's trade relations with China (32.5 percent of total imports in 2010) were more important than exchanges with the EU. Thus, it is not the EU but China that represents an economic counterweight to the United States, reducing the US participation in Mexico's imports from 72 percent in 2000 to 48 percent in 2010. Even though the EU does not balance dominant relations with its main NAFTA partner, both are close partners at the global stage. In contrast to Brazil under Lula da Silva and Dilma Rousseff, since 2000 Mexico has been a reliable and like-minded partner of the EU in multilateral organizations such as the Organisation for Economic Co-operation and Development and the United Nations, where Mexico is the tenth-largest budget contributor.

The FTA between Mexico and the EU highlights a paradox, considering that Brazil is the largest EU economic partner in Latin America: Brazil is the EU's third destination of foreign investment flows (after Switzerland and the United States) and the EU's number eight trade partner. Vice-versa, in 2012, more than 20 percent of Brazil's total trade was with the EU, which is still its main trade partner even though the percentage of imports and exports with Asia/Pacific rose to

31 percent and 28 percent, respectively (CEPAL 2012; Gratius 2013b). Given strong economic interests of both partners, the signature of a free trade agreement with Brazil is still the missing link in EU–LAC relations.

For Brazil, the EU is part of a global foreign policy aimed at increasing the country's weight in the world. President Lula (2003–2011) initiated a new foreign policy based on the so-called South–South cooperation with new global powers. Brazil's insertion into the BRICS group, its South American policy between MERCOSUR and UNASUR, and the leadership of the FAO and the WTO changed its traditional foreign policy focus on the EU and the United States. The shift away from a closer alliance with the EU can partly be attributed to the endless and frustrating process of finalizing an EU–MERCOSUR association agreement, particularly during the President Fernando Henrique Cardoso administration and the first years of the Lula government. Given the constraints of its MERCOSUR membership, Brazil has not identified an alternative to a free trade deal with the EU. Thus, a possible EU–US deal would seriously affect Brazil's domestic growth prospects, taking into account that, although China has become its largest export market, the EU is still Brazil's main trading partner and largest investor. From this perspective, Brazil is more interested than the EU is in signing an agreement.

Like Brazil, Cuba also holds close economic relations with the EU (which demonstrates the European opposition to the US embargo. With a share of 25 percent of exports and 18.9 percent of imports in 2012, the EU is its second trade partner and second investor). However, economic relations mark a sharp contrast to limited political contacts and low levels of development cooperation. The Common Position of the EU toward Cuba, approved in December 1996 and still in place, has been a serious obstacle for full relations including a cooperation agreement with Brussels. The Common Position, initially launched by the Spanish conservative government of José María Aznar, increases the democratic conditionality upon EU relations with Cuba and the obstacles to sign a cooperation agreement without a democratic and economic opening. Two attempts to fix an agreement between Havana and Brussels have already failed. Given the clear opposition of Germany, Poland and other Eastern European countries, it is still unclear that the new efforts to negotiate a cooperation agreement, started in 2013, will be successful.

Nonetheless, the international context of EU–Cuba negotiations is different to that of the two failed attempts to sign an agreement (1995 and 2000). Cuba is fully integrated in CELAC and held its temporary presidency in 2013. In 2009, the OAS lifted its discriminatory clause on Cuba. Although Cuba's full participation in the OAS is still conditioned by the democracy clause of the OAS, the island is no longer singled out by LAC as an authoritarian regime. Regarding the EU–Cuba negotiation process, in contrast to attempts under Fidel Castro, his brother Raúl seems to be more pragmatic and has foregone the traditional Cuban demand that the EU should abolish the Common Position as a precondition for a successful conclusion of the dialogue now led by the EU's high representative Catherine Ashton. Moreover, the approval of a gradual but constant reform agenda by the Raúl Castro government since 2011 (Alonso and Vidal 2013) opens a new path for a closer relationship between Cuba and the EU in the near future. This step would have a positive side effect on EU–LAC relations and prove that Europe, unlike the United States, has an inclusive view of relations, rejects economic sanctions and offers an alternative to Washington.

Main Findings and Quo Vadis

EU–LAC relations have experienced deep changes in the last decade, which has left a certain vacuum or benign neglect on both sides. Relations are in transition from the former paradigm of interregional, shared values and development cooperation to a new multilevel model based on bilateralism, more power balance, mutual interests and political realism. Although they have not been officially defined by this logic, EU–LAC relations can be divided into four concentric circles:

- The fist circle and general umbrella of relations is defined by interregional contacts by regular summits, parliamentary contacts and other region-to-region channels.
- A second circle is subregional cooperation, particularly with smaller member countries of the Caribbean and Central American integration schemes—both signed interregional FTAs with the EU—and, probably, with the Pacific Alliance, given that all four member states have already signed FTAs with the EU.
- The third cycle and nucleus of relations is bilateral cooperation with the emerging economies Brazil, Chile, Colombia, Mexico and Peru.
- A fourth circle is the bilateral pattern between individual EU member states and certain Latin American countries.

Regarding the latter, there is an urgent need to update and research bilateral relations, particularly with the traditional six European countries that have clear interests in Latin America: Spain, Germany, France, Italy, Portugal and the United Kingdom. Parallel to special relations with Brussels, these countries have established their own strategic partnerships with Latin American partners. There has never been systematic comparative research to find out similarities, differences and convergences with the multilateral strategic partnerships, in the case of Spain or any of the others.

In more general terms, the EU's strategic role for Latin America has been a mix between balancing and bandwagoning. On one hand, the EU offers an alternative to China in terms of trade—for example, in the case of Brazil—and to the United States in political terms—for example, in drugs policy or by its stance against the US embargo policy toward Cuba. But, on the other side, the EU is perceived as part of the Western Alliance and offers some countries, such as Chile, Colombia and Mexico, a bandwagoning strategy[4]—in this context the possibility to join the "West" to sharpen their international profile by reinforcing EU and/or US positions.

The new realistic paradigm would recognize that EU has transformed from a privileged to a normal partner of Latin America, which can now choose and complement four options: closer relations with its neighbors, the traditional US connection, the partnership with the EU, and economic ties with China and other new partners such as India, Iran or Russia (Gratius 2013a). These alternatives have reduced Latin America's traditional dependence on the EU and the United States and diminished the affinities in terms of values, concepts and the self-identification as part of the Western world.

Due to the rise of Brazil and other Latin American countries, the question is no longer what LAC can offer the EU, but what can Europe offer LAC beyond traditional development assistance (Grabendorff 2012). What Europe can offer Latin America is, first of all, a partnership perspective, opposed to the hegemonic position of the United States and the natural resource colonialism of China. Apart from this horizontal approach, beyond the realist paradigm, Europe and particularly the EU still represents, at least to some Latin America and the Caribbean countries, an attractive soft power model of integration, social inclusion, rule of law, norms and values, regional and global governance (Gratius 2013b).

Nonetheless, the decline of the EU integration and social welfare process will further alter relations, which have long been based on the idealist or constructivist assumption that the EU can provide regionalism, social inclusion and global governance. The deep political and economic crisis in Europe has lowered the Latin American expectations that the EU could offer an alternative to a world dominated of states with national interests such as China and the United States who increasingly compete for presence and influence in Latin America.

Because Southern Europe and particularly Spain have lost influence in an EU-focused domestic agenda, in the foreseeable future Brussels can be expected to further reduce its economic and political presence in Latin America. Nonetheless, for economic reasons, the EU will remain an important partner for those countries that have signed FTAs and for the smaller group that receive development assistance. Beyond interests, the EU will remain for Latin America a key reference for norms and values, integration and social inclusion and, from a European viewpoint, Latin America remains a close ally to project its own brand to the world. In the near future, relations could be mutually reinforcing and stable, but can be expected to remain as limited as always.

Notes

1 ALBA, ALADI, Alianza del Pacífico, Andean Community, CARICOM, CELAC, SICA, MERCOSUR, NAFTA and UNASUR.
2 In 2013, Spain contributed to 70 percent of the budget of the Ibero-American secretariat SEGIB. The reform foresees a 55 percent share of Latin American countries in the forthcoming years.
3 Javier Santiso, "América Latina y España ante la crisis," *El País* (Madrid), September 5, 2010, http://elpais.com/diario/2010/09/05/negocio/1283692473_850215.html. See also CEPAL (2011).
4 According to political realists, middle or emerging powers can chose between the option to balance (or counterweight) great power or to ally with them (bandwagoning).

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