



Institute of International Economic Relations

**Latin-American Integration:
MERCOSUR, CELAC and EU-CELAC
partnership as a new form of inter-regionalism**

by

Bouga Panagiota

Assistant Researchers:

Christophidou Myrto and Nikolaou Inge-Maria

Athens
May 2013

Executive Summary

- This essay is focused on the resurgence of Latin-American integration within the last decades and examines in particular the cases of MERCOSUR (Common Market of South America), CELAC (Community of Latin-American States) and the strategic partnership between EU and CELAC seen as a new form of inter-regionalism.
- The work is divided into three parts moving from the broader issue of the reasons behind integration towards the cases of MERCOSUR, CELAC and inter-regionalism ahead of the the 1st EU-CELAC / 7th EU-LAC Summit.
- The first part tries to specify the main reasons which reinforced regional integration in Latin-America emphasizing geo-political, economic, political and domestic political factors.
- The second part focuses on the emergence of two organizations: MERCOSUR and the newly formed CELAC which consist typical examples of the resurgence of integration efforts in the region and of the changes on the international scene.
- The last part, referring to the origins, motivations and potential threats, takes a closer look at the 1st EU-CELAC / 7th EU-LAC Summit that prepares the ground for a new form of inter-regionalism between EU and CELAC
- The resurgence of regional integration in Latin America draws upon geo-political, economic and political reasons together with the changes occurred on the international scene.
- Regional integration in Latin America opts for decreasing security threats in a region suffering from disputes, long-lasting rivalries and power imbalances between countries.
- Latin America long perceived as “a US' backyard” needs to decrease US' influence in the region.
- Through integration processes countries achieve economic gains, trade policies become cohesive, national economies were reinforced and become competitive and access to bigger markets is gained.
- Economic cooperation can lead to the establishment of cooperation in a number of trivial issues for Latin-America like trafficking, drugs and social inequalities (spill-over effect).
- Economic growth and liberalization prepare the ground for political stability and democratization in a region that has a long history of dictatorships and authoritarian regimes.
- European integration serves as a model for Latin-American integration.
- The 2008 economic crisis had an impact on integration processes.
- Mercosur and CELAC emerged as a result of Latin American needs and international changes, in order to achieve unity in the region, economic progress and decrease security threats.
- Mercosur aims at the establishment of a single market between its country-members.
- Protectionism, the absence of a potential leader, the lack of commitment and focus on national interest threat Mercosur.
- All Latin American and Caribbean countries are now represented by a unique institution, CELAC.

- CELAC reflects cooperation needs in the region, the trend towards multi-polarity, development and the need to differentiate from the US; the region now has a single voice.
- The interference of external forces, territorial disputes and the existence of 3 different groups within the organization (Brazil, Venezuela, Mexico) question CELAC's future.
- The key aspect regarding the progress of Mercosur and CELAC lies at the definition of clear future policies and common goals promoting cooperation, communication and multi-polarity.
- EU and Latin America are mutually considered as natural allies and their collaboration has an increased importance in policy-making.
- Since 1999 and every two years EU and Latin-America Summits were organized, in order to establish close cooperation in the fields of economy, civil society, democracy and human rights.
- Civil society aspects were involved in the EU-Latin-America cooperation through the establishment of the EU-LAC Foundation based in Hamburg.
- Latin-America constituting a region bigger than Europe and including economic powers such as Brazil is perceived as a significant trade partner for Europe.
- Latin-America opts for closer cooperation with the EU, in order to both safeguard economic liberalization and democracy, and, on the other hand, promote a solid trade partnership given the fact that EU is the second trade partner for the region.
- The Santiago Action Plan that revised the 2010 Madrid Action Plan promotes science, research, innovation and technology, sustainable development, environment and climate change, biodiversity, energy, regional integration and interconnectivity to promote social inclusion and cohesion, migration, education and employment to promote social inclusion and cohesion and the world drug problem.
- The impact of the 2008 financial crisis in Europe questions the EU-Latin-America cooperation.
- EU should show its devotion and engagement with Latin-America, in order to eliminate critique concerning the Union's vague future initiatives.
- Academic dialogue and work on the partnership should be promoted.
- The three different groups within CELAC should find a way to eliminate differences and adopt one single voice.
- Although close ties between Latin-America and the US were damaged, the the role of the latter in the region should not be neglected.

Table of Contents

Introduction	5
Reasons stimulating regional integration in the Americas	8
The cases of Mercosur and CELAC.....	12
a) Mercosur.....	13
b) CELAC.....	16
The 7 th EU-LAC / 1 st EU-CELAC Summit.....	18
a) Origins.....	19
b) Motivations.....	20
c) Objectives	22
d) Critique.....	24
Conclusions	28
Bibliography	32

Introduction

“The middle class is expanding and growing richer. Once-stark inequalities are shrinking. The quality of governance has improved by leaps and bounds. Politics is becoming less ideological and more centrist and pragmatic. And never before have Americans held such sway in the wider world. [...] This is a pretty good time to be a Latin American.” (The Economist 2012)

This quote by the *Economist* is representative of Latin America's impressive rise in economic terms, as during the past decade, the subcontinent became one of the most dynamic regions of the world. Inequalities, crime, corruption and injustice seemed to rule throughout a vast territory ravaged by political instability, poverty and persistent underdevelopment. However, according to official statistics, till 2008 the Latin American economies managed to grow at an annual average rate of 5.5%, while inflation was in single digits, indicating that the region created the economic prerequisites to deal with the aforementioned problems. Today, the subcontinent having achieved the necessary economic and political coherence at all levels can fulfill its long unrealized potential and, therefore, promote regional integration initiatives in order to strengthen democracy, economic growth and social development.

The dream of integrating the Latin American (LA) continent has its history back to the Spanish American and Brazilian independence; after several attempts failed, the issue was not taken up again until the late nineteenth century that brought new initiatives centered around the issue of international trade and the leading role of the United States in the region. However, it would not be until the mid-twentieth century for the first serious and promising efforts to be made. Thus, after 1950, we have uniquely Latin American organizations focused on the region's needs; the Foundation for a Free Trade Zone in South America (LAFTA), which was later on revived and transformed into the current Latin American Association for Integration (LAIA), and the Andean Community (CAN) are considered as attempts of significant importance. Furthermore, the period between 1980 and 1995 was characterized by new integration efforts; Europe and the US made huge investments in Latin America, the process of democratization in countries marked by military dictatorships was reinforced and the basis for political and economic stability was established. As a consequence, during these years, the region experienced the first serious and promising regional integration attempts; Mercosur, the Common Market of

South America, was established, the Bolivarian Alliance for the Peoples of Our America or ALBA was created in 2004 and, as the result of a long push for deeper integration within the Americas, the Community of Latin American and Caribbean States or CELAC was formed in 2010.

Regional integration, is based on the perception that there might be gains coming from the creation of strong economic links with neighboring countries. A list of potential advantages for member states would comprise increasing market access, absorbing gains from scale, fostering the provision of regional public goods, improving competition in the domestic market, improving negotiating capacity in international forums, complementing the domestic supply of basic inputs, such as energy and water, reducing bilateral exchange rate imbalances and last but not least improving the attractiveness for potential foreign investors. Although numerous gains were identified, the case of Latin American and Caribbean integration is regarded as unique due to the difficulties of identifying common interests among countries of different economic sizes and political regimes. The cases of Mercosur and CELAC are indicative.

Mercosur consists a typical example of the resurgence of integration efforts in Latin America. The establishment of the organization is the result of the signing of the Treaty of Asunción in 1991 by four different states; Brazil, Argentina, Uruguay, and Paraguay, which, bearing in mind all the mistakes that were made in the past, supported the rapprochement of Argentina and Brazil, after a long-lasting rivalry. Mercosur was structured upon fulfilling a number of long-desired targets; the creation of a Free Trade Area, of a Custom Union and of a Common Market between the participants, showing that economic development is the number one regional priority.

CELAC is an indicative case of a multi-national Latin America body that was created because of the changes on the international scene. To be more specific, the Brazilian rise together with the new roles of Venezuela and Mexico in the Continent underlined the need for cooperation and multi-polarity expressed through a new body, CELAC. This new organization includes all the countries of the Americas except the US and Canada and is considered as a means towards closer cooperation and communication, building a forum for efficient political dialogue between the region's countries. It is, therefore, evident that CELAC reflects the region's need for cooperation opposed to regional incoherence due to

different economic sizes and political regimes.

Moreover, Latin America countries, having reinforced regional integration by building the aforementioned organizations, opt for the establishment of relations between the Continent's regional organizations with supranational bodies in different areas of the world like the EU, preparing the ground for promising efforts of inter-regionalism. According to the European External Action Service, the EU is the second trade partner for Latin America and remains the leading foreign investor in the region. Therefore, the need for deepening the existing economic cooperation by supporting Latin America's efforts to reduce poverty and social inequality should be met. Emphasis should be placed on institution-building, in order to inaugurate a new level of policy-making in a multi-layered international system and the creation of subsidiary institutions such as regular summits, ministerial and senior officials' rounds, business dialogues, etc. Moreover, since interregional dialogues create a need for unified positions and, hence, intensified consultation and coordination, inter-regional relations may facilitate regional groupings to enhance institutionalization (Rüland quoted in Tsardanidis 2010: 222). As a result, Summits with the participation of the EU, Latin America and the Caribbean (LAC) leaders take place biennially. Precisely, the 1st EU-CELAC / 7th EU-LAC Summit was organized in Santiago in 26 -27 January 2013, addresses an Alliance for Sustainable Development to Promote Investments of Social and Environmental Quality.

This Report goes well beyond the awareness that regional integration is revitalized in Latin America. To be more specific, this work moves from the current discussion of gains coming from reinforcing regional organizations; to an analysis of the main characteristics of Latin American integration and will be divided into three parts moving from the broader issue of the reasons behind integration towards the special cases of Mercosur and CELAC and inter-regionalism ahead of the the 1st EU-CELAC / 7th EU-LAC Summit: first, in the beginning, paying attention to the resurgence of regional integration in the previous two decades, we will try to specify the main reasons which reinforced this phenomenon and, at the same time, revitalized the existing supranational institutions, taking for granted that the states were driven by geo-political, economic, political and domestic political factors; second, the next part, focuses on the emergence of two different organizations; Mercosur and CELAC which consist typical examples of the resurgence of integration efforts in the region and of the changes on the international scene; third, the last part, takes a closer

look at the aforementioned Summit by referring to the origins of this cooperation, by examining the main motivations that fostered the two sides towards the organization of the Summit and by mentioning some crucial issues that consist potential threats to the effective follow-up of the cooperation.

Reasons stimulating regional integration in the Americas

"[...] 'no hay que llegar primero, hay que saber llegar' (you don't have to get there first, you have to know how to get there)." (Best 1992: 6)

During the previous two decades Latin America experienced the resurgence of regional integration which stimulated a wave of economic reforms and liberalization programs throughout the region. Although the Continent's experience with integration was described as unsuccessful due to the failed attempts of the previous years, enthusiasm for trade liberalization followed the efforts of the '90s. Moreover, the fear of international marginalization and the formation of economic blocs elsewhere in the world prompted a series of changes in the existing regional institutions. Thus, the period between the early '90s and the late '00s was characterized by new initiatives with strong political motivations like the Argentine-Brazilian rapprochement, the defense of Latin American interests against the US hegemony observed in the reversal of Mexico's policy regarding GATT (General Agreement on Tariffs and Trade) and Central America's recovery from its multiple crises that led to the fulfillment of the region's integration goals through the Central American Integration System (SICA) that promotes cooperation in search for regional peace, political freedom, democracy and economic development. As a result, the existing organizations like Mercosur revived, new organizations like CELAC were formed and, in general terms, a call for regionalist arrangements was observed.

Paying attention to the intensified efforts of the previous two decades, throughout the Report's first part we will try to specify the main reasons which reinforced Latin American integration and, at the same time, revitalized the existing institutions. The states were primarily driven by geo-political, economic, political and domestic political factors when deciding to further the region's integration. To be more precise, we will proceed to an indicative enumeration of the potential reasons behind the aforementioned intensification of efforts; first, in terms of geo-political factors, we will refer to security reasons and to the role of the United States in the region; second, regarding the economic factors, we will point out the gains for both Latin American bigger and smaller countries; and third, as

about political and domestic political factors, we will touch the deepening of democratization processes and the role of domestic elites in any further integration attempt. Finally, all those factors will be examined in accordance to the changes on the international scene.

Regarding geo-political factors, one of the most important reasons leading to regional integration is security. Security and, as a result, stability in a region make smaller as well as bigger countries to promote every integration effort and to compromise with less, so as to promote the *greater common good*. Security, originating by economic liberalization and integration, makes states feel more protected within a region, as on their own would never be able to evolve, to confront outer challenges and threats and to take evolutionary steps. Moreover, security challenges that remain unsolved can be construed as regional security problems. Thus, the common sense of vulnerability that countries within a region share should be confronted with common politics and maneuvers. (Hurrell 1998: 532, 538, 544) It is evident that an integration effort evolves the above politics and impugns the common sense of vulnerability, by connecting the states' powers for the greater good of safety, as a strengthened connection between the states of a region provides an increased reassurance for protection towards outer threats. To be more specific, for Latin American countries the most immediate gain coming from integration is the reduction of conflicts. Indicative is the tensed relationship between Brazil and Argentina which has immediately improved after their participation in Mercosur, as their primary motivation entering the organization was to end the more than a century rivalry and conflict between them, in order to be headed towards strengthening their democracies and economies.

Another key geo-political motivation which led to the reappearance of integration efforts in Latin America is the region's need to differentiate from the United States' sphere of interest. Latin America was considered as a US "backyard", meaning that it belonged to the US greater sphere of influence. The continent's remarkable size and natural resources combined with its proximity to the US created the prerequisites under which US officials perceived Latin America as an area of their dominance. However, it is this exact perception that motivated Latin American integration, since it consists an alternative and an effective way of decreasing US interference. In addition to that, it is evident that US hegemony in the region, which is as well considered as a threat by the great majority of Latin-American countries, created a suitable ground for the emergence of Latin American integration (Hurrell 1995: 335). Furthermore, regional awareness, the perception of a common identity

shared by all LA states, became an increasingly important factor as far as integration process is concerned and, therefore, its primordial role in the re-occurrence of integration efforts in the region cannot be ignored; the region's states form a unity. As a consequence, US officials adopt a skeptic stance towards any Latin American integration effort and bilateral instead of multilateral actions are supported, in order to “undermine the cohesion of subregional groupings” (Phillips quoted in Gomez 2007: 8).

In terms of economic factors that motivated Latin American integration, economic opportunities and gains shared by states participating in integration efforts are many; huge markets become more accessible for exports, imports and investments, power and competitiveness is gained and strengthened connection and relationships do also create the basis for stability and progress within a region. Moreover, reduction of trade obstacles within a region reinforce the productive and exporting power of a country, as it turns to be the main provider of a specific good in the region. According to agreements, fees and taxes even out and competitiveness between the markets of countries participating in the regional integration effort, arise, improving industries and empowering the states. Investments, thus, multiply between the states and even attract outer financial powers that want to invest in a new, stable, competitive and very promising region. Gains are accessible for both Latin American bigger and smaller countries; bigger states, like Brazil, take advantage of these evolutions and improvements to increase their competitive advantage and to emerge in the world markets; smaller states, like Uruguay, find the opportunity to evolve their economies and to be part of markets that otherwise would be unreachable and burdensome.

Regarding economic progress, it is accepted that cooperation in one area establishes cooperation in a number of sensitive issues like gun and drug trafficking and border disputes that are considered to be the region's persistent problems. Latin American states opted for regional integration since institutions should be used as a platform to enhance cooperation regarding the aforementioned problems. Illegal activities have a spill-over and destabilizing effect throughout the whole of the Latin American region; growing approximation and consolidation between the region's states require that the aforementioned situations of instability deserve a more attentive approach. Moreover, cooperation in a number of sensitive issues demonstrates that counter-crime actions should be part of regional integration. Individual attempts to deal with crime like the 2012 Brazilian government's effort to deploy 9,000 troops to the so-called Triple Border, the

region where Brazil, Paraguay and Argentina converge and home to drug and arms traffickers, smugglers and counterfeiters, should be incorporated within regional organization's structures.

Furthermore, taking for granted that economic gains create the basis for stability and progress, it is undeniable that Latin American integration constitutes a means towards democratization. Democracy and preserving peace in the Southern Cone is among the main objectives of regional groups, since democracy is considered as an essential condition to achieve progress. Democracy creates the adequate environment that enforces cooperation and stability between states that share the same principles and, at the same time, leads to greater economic efficiency and cohesion in order to boost development. Moreover, in a region that had a long history of authoritarian regimes, dictatorships and unstable restorations of democracy, democratization is necessary in order to achieve international economic and political credibility. In addition, tying democracy to economic integration constrained certain domestic political actors from attempting to subvert the democratic process; an example that demonstrates the importance of democratization can be found in Chile's political condition in the late '80s; Chile's elections in 1988 and General Pinochet's fall opened the way towards a new democratic regime and a free market economy. In short, it is clear enough that the positive correlation between security, democratization, economic reforms and integration became the essence of Latin American integration. "Regional integration was then sought as a political tool to consolidate broader goals aimed at reversing the dark ages of authoritarianism, intraregional antagonism, economic crisis, and international marginalization" (Hirst quoted in Kaltenthaler, Mora 2002: 84).

To continue with the domestic factors, we should not neglect the role of the elites in Latin America. Using the term elites we refer to national policy makers who are able to shape a state's attitude and decide upon measures to consolidate democracy and obtain economic reforms to achieve progress. Elites struggle to improve domestic economy, in order to safeguard their political standing and raise public support, since their status depends on the success of integration efforts and the international competitiveness of their economies. Moreover, the creation of a new middle class in a number of Latin American countries because of employing new economic measures that lifted millions of people from poverty, as seen in the case of Brazil, indicates a reason that motivated the region's states towards integration. As a consequence, domestic elites, in order to strengthen their position, opted

for economic progress and democratization through regional integration. “Our commitments to regional economic integration require that we create a macroeconomic and institutional environment that will lead to greater economic efficiency and competitiveness” (Menem quoted in Kaltenthaler, Mora 2002: 86).

To conclude, all the aforementioned reasons that enforced and promoted regional integration should be examined in accordance with the changes that occurred on the international scene during the last decades; the role of the US in Latin America, the emergence of Brazil, the voices of Mexico and Venezuela, the example of European integration, and of course the competitive rise of China and India. As we have mentioned, US always considered Latin America as a part of its sphere of dominance. However, the devaluation of the Mexican peso and the economic crises in both Brazil and Argentina created a new economic reality in the Continent that frustrated the US. Moreover, US had to concentrate on its domestic policies due to the economic crisis in the mid '00s. In addition to that, while the new economic realities imposed by the economic crisis tied Mexico to the US sphere, the way for leftist policies under the socialist Hugo Chávez opened in Venezuela. Finally, Brazil managed to survive from its internal tough economic situation and to emerge as a global power shaping a new order in the region. At the same time, the EU proceeded to its enlargement –twenty seven member states and from 1 July 2013 twenty eight with the accession of Croatia - and to a number of institutional reforms, in order to deal with its democratic deficit.¹ All those changes shaped the geo-political, economic and political factors that we described and promoted deep cooperation instead of unilateral solutions to compete the emergence of new economic powers like China and India in Asia and worldwide.

The cases of Mercosur and CELAC

In the second part of the Report, having analyzed the reasons that promoted and reinforced regional integration in Latin America within the last years, we will focus on the emergence of two organizations; Mercosur and CELAC. While the former consists a typical example of the resurgence of integration efforts in the region, the latter is an indicative case of a newly formed body that was created because of the changes on the

1. A democratic deficit occurs when governments or institutions do not fulfil the principles of democracy in their practices or operation where representative and linked parliamentary integrity becomes widely discussed.

international scene. To be more specific, all the geo-political, economic and domestic factors that stimulated integration in Latin America are met in Mercosur and, at the same time, the need for cooperation and multi-polarity is expressed through CELAC. Moreover, the Brazilian rise together with the new roles of Venezuela and Mexico are representative of the new order in the Continent.

Mercosur

“It was such a good idea. In 1991 Brazil and Argentina set aside decades of rivalry and, together with smaller Uruguay and Paraguay, founded Mercosur as a would-be common market. The project went hand-in-hand with a broader opening of inward-looking economies. Diplomats got to work on harmonizing trade rules. Cross-border trade and investment boomed.” (The Economist 2012a)

Mercosur is the result of the signing of the Treaty of Asunción in 1991 by four different states; Brazil, Argentina, Uruguay, and Paraguay. Venezuela is a full member since July 2012 and Bolivia, Chile, Colombia, Ecuador and Peru have the status of the associate member. These states should respect the principles of Mercosur, since they “constitute a union of values that are expressed through their democratic, pluralistic societies that defend the fundamental liberties and human rights, protect the environment, the sustainable development and are also committed to the consolidation of democracy, the legal security, the fight against poverty and the economic and political development with equity”.²

Bearing in mind all the mistakes that were made in the past and led to unsuccessful integration attempts in the region, the creation of Mercosur initiated by the rapprochement of Argentina and Brazil, fulfilled a number of long-desired targets; the creation of a Free Trade Area, of a Customs Union and of a Common Market between the participants (Pena 1999: 52). Those targets profoundly underline the economic character of the initiative, as the ground was already prepared for new goals and changes to be brought; many countries of South America participated in the Round of Uruguay organized by GATT and most of the region's dictatorships were substituted by democracy.

2. Translation from Spanish: “comparten una comunión de valores que encuentra expresión en sus sociedades democráticas, pluralistas, defensoras de las libertades fundamentales, de los derechos humanos, de la protección del medio ambiente y del desarrollo sustentable, así como su compromiso con la consolidación de la democracia, la seguridad jurídica, el combate a la pobreza y el desarrollo económico y social con equidad.” (Mercosur web-page)

As reveals its name, Mercosur, Common Market of the South,³ the main goals of the organization are the following: first, the unity of all member-states; second, the free circulation of services, goods and factors of production between the participants; third, the coordination of macroeconomic politics; fourth, the adaptation of a common external tariff and a common trade policy; and fifth the commitment to a common legislation for the relevant areas (Pena 1999: 53). Each state that participates in Mercosur has its own reasons to be part of the organization that had to do not only with international development but also with its own size and power. The central reason behind the effort was the immediate need of both Argentina and Brazil to resolve the security dilemmas in the region and to be part of a union, as the international changes motivated them to take action, in order to be part of the international evolution. For the rest of the states the main motivation was the stabilization of democracy that was followed by the immediate access to economic gains as observed in the case of Uruguay (Kaltenthaler 2002: 80, 81). At the same level, Paraguay had to avoid isolation, so as to support its internal market and attract new investments and opportunities. Finally, the requirement of equilibrium between the participant states and the treatment as equal between equals within the organization is considered as essential (Kaltenthaler 2002: 88, 89).

No matter the common goals that were set, there are many crucial topics that remain unsolved and constitute the arguments for critique over the organization.

First, although Mercosur is described as an integration effort, it ended up as a market of two and two; two strong countries and two not so strong. To be more specific, the institution is seen as a market which furthers Brazil's and Argentina's desires, while Paraguay and Uruguay, as smaller participants, have secondary roles. These profound inequalities consist an obstacle for any further evolution. Moreover, the participation of smaller countries is driven by corrupted authorities that hold them back, making the initiate argument for democracy accompanying the integration effort look poor and untrue. This particular Mercosur's *democracy clause* caused the temporary suspension -till the next Presidential Elections in April 2013- of Paraguay after President's Fernando Lugo impeachment in 2012. However, Paraguay's suspension had also to do with blocking Venezuela's entry of strategic interest within the structures of the organization, since

3. Mercado Común del Sur.

access to the latter's oil offers great opportunities to Argentina and Brazil.

To continue with economic issues, Mercosur suffers from protectionism practices imposed by its members. The founding idea that the organization would be an instrument for trade liberation disappeared, since Argentina and Brazil focus on protecting their internal markets rather than putting stress on competitiveness and market-opening for the whole Mercosur area. While the importance of free trade is underlined, Mercosur ends up as a close market of four. Therefore the need for trade partners in order to export and expand is more than essential (Pereira 1999: 18). Moreover, closer cooperation and engagement between the members are also needed, as far as trade is concerned, since all Mercosur countries are easily affected by international changes like the financial crises of the '90s and '00s that affected and risked the progress of the organization (Cohn 2011: 420).

Furthermore, Mercosur needs a member-state to take over in order to move forward. This potential leadership should derive from a state that both accepts and is accepted by all members to take over. In our case the only one appropriate for this position would have been Brazil, since it consists the biggest, strongest and wealthiest state in the region and since it gained its empowerment and regional establishment from the organization (Motta, Veiga 1999: 30). Although Brasilia was asked to take over, Brazilian leaders prefer not to take part as a hegemonic power *that* controls its neighbors, influences for compliance or commitment and generally plays the leading, engaging and initiative role (Spektor 2010: 192).

In addition to the absence of a leader, the lack of commitment by all members causes problems of consistency that provoke some sort of weakness, as Mercosur presents the image of an organization that its own countries do not comply with (Gomez Mera 2007: 5). This weakness is the reason for many gaps and disadvantages; the lack of formal mechanisms for macroeconomic coordination as far as trade and economic cohesion are concerned (Pereira 1999: 16) and the lack of influence regarding Mercosur's instruments (Kaltenhaler 2002: 76). It is accepted that “ the legal instruments of Mercosur have no direct effect whatsoever”, since all the decisions taken are not incorporated in domestic law (Vervaele 2005: 393). Moreover, participants do not assign rights to the organization making it look like an experiment and not like a serious step towards the region's future; goals are realized after the concession of exceptions and every country regarding its power can promote its own interests (Vervaele 2005: 396).

CELAC

“It will, says Hugo Chávez, be “the most important political event to have occurred in our America in 100 years or more.” Well hardly. But the inaugural get-together of the Community of Latin American and Caribbean States [...] does reveal how Latin America is changing.” (The Economist 2012b)

The most recent institutional effort towards integration in Latin America is the establishment of CELAC (The Community of Latin American and Caribbean States).⁴ This new Organization includes all the countries of the Americas except the US and Canada as well as European countries' territories in the region. CELAC, established in July 2011, is a means towards closer cooperation and communication in the region and its creation is in line with the overall interests of Latin America. Thus, the main purpose of the Community is the establishment of a forum for political dialogue between Latin American countries; the organization will work as a regional spokesman participating in international forums and ministerial talks. It is, therefore, evident that CELAC reflects the region's efforts towards deeper integration stressing the importance of multi-polarity regarding the economic and political landscape.

CELAC is not the first institution that reflects the region's need for cooperation and dialogue. However, what distinguishes it from the existing and previous efforts is the wide participation that characterizes its function. CELAC consists of thirty three states and represents more than six hundred million people. This massive participation of Latin American states is able to solve misunderstandings, differences and tensions in the region, aiming at enforcing cooperation. In addition to that, CELAC strengthens regional dialogue and improves the Americas' voice and influence in terms of global governance. Heading towards stimulating cooperation, member states have the opportunity to cope collectively with a number of global issues like the global economic crisis. Moreover, complementary cooperation can be achieved in the areas of trade, energy, agriculture, social development, finance, infrastructure construction and climate change.

Furthermore, the element that gives additional importance to this initiative is the prevention of external interference in the region, reflecting the desire of Latin American countries to

4. Comunidad de Estados Latinoamericanos y Caribeños

differentiate from US policies. CELAC primarily works as an alternative to the Organization of American States, OAS⁵, which is dominated by Washington. Thus, it is clear enough that Latin America shows an increasing tendency of undermining US dominance in the region. To be more specific, Hugo Chavez of Venezuela and Rafael Correa of Ecuador expressed openly their desire of decreasing US hegemonic behavior in the region.

Having covered the most of CELAC's advantages, we should proceed to an enumeration of potential obstacles that can affect the organization's future; this new efforts mainly faces the interference of external forces, territorial disputes and protectionism regarding economic reforms. CELAC is established as a long-term plan with a great vision. Its main purpose is, as mentioned before, the establishment of a forum for political dialogue including all the Americas. However, this great vision is plagued by the existence of three different groups within the organization that do not share the same ideology and objectives; first, Brazil, promoting Mercosur and adopting protectionism tactics; second, Venezuela, dominating ALBA⁶ and denouncing the tyranny of the dollar; and third, Mexico enjoying closer relations with the US and promoting an open market economy model. We should also take into consideration that Cuba consists a full member. Thus, the lesson to be learned for CELAC is that regional clubs based on political ideology rather than national interest do not get very far; the Community needs to co-ordinate these different tendencies, in order to survive. "Thanks to the existence of CELAC "it is possible that, within diversity, the subcontinent will act as an interlocutor"⁷ (Moreno quoted in *El Tribuno* 2013).

Bearing in mind that CELAC's operation is based on consensus, the ability to make binding decisions would prove to be problematic. It is evident that due to differences in national interests, priorities and mentalities, any agreement would be rather difficult, and, if succeed, rather vague. Another major disadvantage in CELAC's operation is the absence of Secretariat and, therefore, the limitation in means of implementing any decisions made.

5. OAS brings together all thirty five independent states of the Americas and constitutes the main political, juridical, and social governmental forum in the Hemisphere. In addition, it has granted permanent observerstatus to sixty seven states, as well as to the European Union (EU).

6. ALBA consisting of Antigua and Barbuda, Bolivia, Cuba, Commonwealth of Dominica, Ecuador, Nicaragua, Saint Vincent and the Grenadines and Venezuela is the Bolivarian Alliance for People of Our America that is conceived as a political group rather than a trade group to free the region from the tyranny of the dollar.

7. Translation from Spanish: "Es posible que, dentro la diversidad, el subcontinente actúe como interlocutor".

The existence of Secretariat would be a significant leverage, so as all the decisions of the organization to be implemented immediately and be respected.

The 7th EU-LAC / 1st EU-CELAC Summit

“No other part of the world is closer to Europe than the American Continent. We are natural allies and have developed a growing relationship of interdependence. [...] Because as reminded us the Mexican/Ibero-American poet and writer Octavio Paz: “our relations are not so much a tradition to continue, as a future to make real”.⁸ (Barroso addressing the 22nd Ibero-American Summit in Cadiz, Spain, 2012)

Having covered the reasons that stimulated regional integration in Latin America within the last decades and having described the cases of Mercosur and CELAC, the Report's third part will refer to the EU-LAC (Latin American and Caribbean countries) cooperation. The 7th EU-LAC summit took place in Chile on 25 -26 January 2013 was an excellent opportunity to examine the European stance towards Latin American integration and, of course, emphasize the EU's objectives in the region. Moreover, having focused on CELAC's establishment as a community including all Latin American states, it is not a surprise to see for the first time Latin America participating in the dialogue with the EU under a common institutional umbrella, CELAC, and, as a result the 7th EU-LAC summit was renamed as the 1st EU-CELAC Summit.

After an effective dialogue that started in Rio de Janeiro, in 1999, EU and Latin American countries decided to increase political, economic and civil cooperation between the two worlds. As a result, the newly formed EU-CELAC strategic partnership can be perceived as a new effort towards inter-regionalism, since the 7th EU-LAC / 1st EU-CELAC Summit, serving as a subsidiary institution, inaugurates a new level of policy-making. The two parts passing from effective dialogue to regular meetings decided to deepen cooperation in a number of crucial issues, while Latin-American States have for the first time a single voice under CELAC.

8. Translation from Spanish: “Ninguna otra parte del mundo está más cerca de Europa como el continente americano. Somos aliados naturales y hemos desarrollado una creciente relación de interdependencia. [...] Porque como nos recordaba el gran escritor y poeta mexicano/ibero-americano Octavio Paz: «Nuestras relaciones no son tanto una tradición que continuar, como un futuro que realizar».”

Throughout this part, we will take a closer look at the aforementioned cooperation; first, we will refer to the origins of this effective dialogue between the two parts assisted by the EU-CELAC Foundation in Hamburg; second, we will examine the main motivations that fostered the two sides towards the organization of the 1st EU-CELAC Summit; third, we will compare the objectives set in the Madrid Action Plan of 2008 to the current aims and goals as presented in the Summit's agenda; and forth, we will mention some crucial issues that consist potential threats to the effective follow-up of the cooperation.

Origins

The 1st EU-CELAC Summit is the successor of six EU-LAC Summits held every two years in Rio de Janeiro (1999), Madrid (2002), Guadalajara (2004), Vienna (2006), Lima (2008) and Madrid (2010). In Santiago, the Chilean capital, European, Latin American and Caribbean Heads of State and Government adopted a political Declaration and agreed on the expanding the existing Action Plan for bi-regional political, economic and civil cooperation adopted in 2010 in the Madrid Summit for the period 2013 -2015. In addition to high level meetings, a number of preparatory events across different sectors of society, gathering together representatives of both regions such as parliamentarians, policy makers, businesses, trade unions, media, academics, NGOs, and others, contributed the most to the reflection on the Summit's themes and enriched the debate before the Summit (<http://eeas.europa.eu/la/summits/2013/>).

The European Union, Latin America and the Caribbean have enjoyed privileged relations since the first bi-regional Summit which established a strategic partnership. They are natural partners linked by strong historical, cultural and economic ties. They co-operate closely at international level and maintain an intensive political dialogue at all levels. Moreover, the two parts are pursuing a number of specific thematic dialogues and initiatives including: first, the Joint Initiative on Research and Innovation that fosters sustainability and social inclusion by focusing on science, research, technology and innovation, second, the Dialogue on Migration which provides a framework to exchange practices and build capacities to address bi-regional migration challenges, and third, the Coordination and Cooperation Mechanism on Drugs, in order to tackle the world drug problem by sharing responsibility in this area.

The relationship between the two regions is considered to be dynamic and consists of a diverse and multi-layered system of different networks. Therefore, in order to strengthen

the existing cooperation, the EU-LAC Foundation (Hamburg) consisting of sixty one members, the thirty three states of Latin America and the Caribbean, the twenty seven members of the European Union, and the European Union itself, was created. The greater vision of the Foundation is to achieve economic and socio-cultural exchanges between the two parts, in order to reach a sustainable dynamism and to achieve mutual benefits for the societies of both regions. This dynamism will make the aforementioned partnership a reality, in which dialogue between both regions and their components is wide, regular, fluid and based upon common values like democracy and the rule of law, respect for personal dignity and rights, and tolerance. As a result, the role of the Foundation is to initiate and roll out bi-regional projects, and streamline collaborations identifying various actors and players relevant to this cooperation, including international organizations, academic institutions, NGOs, and others. (The EU-LAC Foundation web-page 2012)

Motivations

As it was mentioned before, the European Union, Latin America and the Caribbean are natural partners linked by strong historical, cultural and economic ties. Although both sides are reflected as natural partners, they are not driven to cooperation by the same motivations. Examining first the case of the EU, we take for granted that it is among the Union's priorities to maintain diplomatic relations with nearly all countries in the world and to foster strategic partnerships with key international players and emerging powers around the globe under the European External Action Service (EEAS). Moreover, using the Union's cadre of external action, we can identify a number of potential motivations that stimulated EU's interest in Latin America; trade, peace and security building, the promotion of human rights, climate change and the provision of development and humanitarian aid.

Trade consist a European priority, as the EU is the world's largest trading bloc promoting a free and fairer international trading system. Endorsement of inter-regionalism and interregional trade and, as a result, commercial agreements between the Union and CELAC, a block larger than the EU in terms of geographical territory, indicate that the Latin American partnership, including economic giants such as Brazil, is of particular importance for the Union. To continue with peace and security building, European power should be used to promote peace and reconciliation through political, practical and economic support. In the particular case of the South American Continent, where many countries recently undergone extreme political change, focus should be placed on reinforcing

democracy, human rights, equal participation and opening trade, in an effort to get Latin America stabilized and, thus, achieve more gains from cooperation.

Moreover, it is clear that the EU has made human rights a central aspect of its external relations; Europe has to be committed to human rights and work in line with the United Nations to ensure they are respected universally, as they consist a prerequisite for development. As about climate change, the Union remains a crucial player on this issue and throughout its partnership with CELAC is working on building a coalition for a legally binding agreement on climate change that threatens both regions. Finally, Europe has to adapt to the particular needs of South America, such as development and poverty alleviation by responding to crisis and providing humanitarian and developmental aid, as seen in the case of Haiti. As for investments between the two regions, according to the International Monetary Fund (IMF), the stock of Foreign Direct Investment (FDI) from the EU to CELAC was U.S. \$ 613 billion by 2011, representing the 47% of FDI in the region. In addition to that, over the past decade, the EU supported the region's successful efforts to reduce poverty and social inequality by providing €2.7 billion in development assistance. (Development Cooperation Instrument for Latin America 2007-13).

To be more specific, the EU is considered to be the second trade partner for the region and, therefore, the Union's policy priorities towards Latin America, since 2010, focus on deepening political dialogue together with beneficial trade and investment ties; furthering bilateral relations with individual Latin American countries while also supporting regional integration, as it is observed in a wide range of agreements with individual countries and groups of countries in the region, including Association Agreements with Chile and Mexico, strategic Partnerships with Brazil and Mexico, an Association Agreement with Central America, as well as a Trade Agreement with Peru and Colombia; intensifying cooperation and dialogue on macro-economic and financial issues, like environment and energy or science and research; supporting the region's efforts to reduce poverty and inequality and to pursue sustainable development; adapting cooperation programs to cover innovative areas not addressed by traditional development cooperation; involving civil society in the Strategic Partnership through the EU-LAC Foundation, as mentioned before. (EU External Action Service web-page 2012)

To continue with Latin American motivations towards cooperation, while free trade, inter-regionalism, security, democracy, human rights, climate change, development and

humanitarian aid fostered EU's role in the region, elements distinctive of South-America like the need to address drug-trafficking, poverty alleviation, specific health problems, and, more importantly, incorporate a different approach towards political culture, democratic norms and social needs stimulated Latin Americans and promoted the partnership. Now that the whole region has one voice under CELAC (Moreno quoted in Chilean Ministry of Foreign Affairs 2012), within this cooperation, the fundamental objectives of democracy and human rights, on which economic development is based, together with a social agenda to define initiatives that promote social development and eradication of hunger and poverty should be promoted. It is, therefore, evident that Latin America is not only concerned with the gains obtained by the establishment of an effective trade partnership but also with a number of social issues.

Objectives

Having examined the motivations behind the EU-CELAC partnership, we will proceed to the descriptions of the objectives that led to the adoption of the Political Declaration that revised the goals of the 2010 Madrid Action Plan. Moreover, we will discuss upon the current aims and goals as presented in the 1st EU-CELAC Summit agenda. Both sides welcomed the initiative and looked forward to the establishment of new strategies, as indicate the following statements by European and Latin American officials. "The EU is following with interest the dynamics of Latin America and I believe we need to find even more ambitious ways of working together" (Ashton quoted in EU External Action Service web-page 2012). "The fact that Latin America and the Caribbean are brought for the first time under an institutional umbrella like CELAC gives greater symmetry to the dialogue with the European Union, and strengthens the regional voice in the search for solutions to the current social and economic challenges"⁹. (Moreno quoted in Chilean Ministry of Foreign Affairs 2012).

The Action Plan adopted in Madrid directed towards a new stage in the bi-regional partnership; "innovation and technology for sustainable development and social inclusion" (Madrid Action Plan 2010). The two partners, as it is illustrated by their motivations, promoted their particular priorities; the EU set the basis for trade and commercial

9. Translation from Spanish: "El hecho de la que América Latina y el Caribe se presenten por primera vez bajo un alero institucional como CELAC otorga mayor simetría al diálogo con la UE, y fortalece la voz regional en la búsqueda de soluciones para los actuales desafíos sociales y económicos."

agreements and Latin American states relieved social problems. To be more specific, the Action Plan identifies instruments and activities which, if properly implemented, should lead to concrete results in the following key areas, which are directly or indirectly linked with the central theme of the Summit, sustainability and social cohesion: first, science, research, innovation and technology; second, sustainable development; third, environment and climate change; fourth, biodiversity; fifth, energy; sixth, regional integration and interconnectivity to promote social inclusion and cohesion; seventh, migration; eighth, education and employment; and ninth, the world drug problem. (Madrid Action Plan 2010) The Union focused on sustainable development and social inclusion, as they consist the prerequisites for further agreements and are considered to maintain stability and democratic institutions in the South American Continent.

The 1st EU-CELAC Summit is launched as a more efficient and inclusive initiative compared to the previous ones. Complementarity and cooperation together with initiatives that promote social development and eradication of hunger and poverty were again discussed. Moreover, the Summit drew upon 2011 CELAC's Action Plan approved in Caracas, so as to define strategies to cope with the international financial crisis and the creation of a new financial architecture due to the international competition coming from the emergence of China and India. "We will have the unique opportunity to show what we achieved in our continent, and especially in our country [...] in a time that Europe faces a difficult economic situation compared to Latin America that has time to advance"¹⁰ (Moreno quoted in Chilean Ministry of Foreign Affairs 2012).

As it is indicated in the agenda, in addition to high level meetings, lower level meetings, in which representatives of the judiciary and legislature powers, entrepreneurs, academics and civil society actors participated, took place, in order to prepare the ground for the Heads of State and Ministers of Foreign Affairs. Furthermore, the recent Summit in Santiago, 26-27 January 2013, offered an opportunity to discuss positions on strategic topics that are high on the bi-regional and international agenda.

10. Translation from Spanish: "Vamos a tener una oportunidad única de mostrar lo que estamos haciendo en nuestro continente, y en particular en nuestro país", expresó Moreno, para quien la cumbre se da "en momentos en que Europa tiene una situación económica difícil, en contraste la de América Latina, que lleva tiempo mejorando".

Finally, after the high level meetings, the Latin American and the Caribbean block gathered, in order Chile to pass CELAC's Presidency to Cuba.

To be more specific, the *Santiago Declaration*, which was adopted right after the end of the 1st EU-CELAC Summit put dialogue between EU and CELAC on a new basis. The two sides focused on shared values and positions in the international and multilateral arena and committed themselves to deepen the bi-regional Strategic Partnership process. The Action Plan identifies instruments and activities in the following key areas:

- Science, research, innovation and technology
- Sustainable development; environment; climate change; biodiversity; energy
- Regional integration and interconnectivity to promote social inclusion and cohesion
- Migration
- Education and employment to promote social inclusion and cohesion
- The world drug problem

Action Plan also added two new points:

- Gender regarding social inequalities, political participation, gendered – based violence and economic empowerment
- Investments and entrepreneurship for sustainable development. Therefore, promoting Investments of Social and Environmental Quality, Corporate Social (CSR), investment security and competitiveness of SMEs will consist always a priority (Santiago Action Plan 2013).

Last but not least, the next CELAC-EU Summit will be held in Brussels in 2015. (Santiago Declaration 2013).

Critique

Although the agenda and the already set objectives sound promising, there is a number of issues that consist potential threats to the effective follow-up of the cooperation. As about Europe, the 2009 economic crisis counters any inter-regionalist effort, as the Union has to concentrate on its internal situation. In addition to that, while declarations, recommendations, speeches and policy documents abound, the EU needs to clarify that is truly engaged and that effective cooperation does not stand for a long-lasting plan. On the other side, Latin America is divided in a number of sub-regional blocks that question its

coherent voice. Moreover, there is need for academic dialogue to strengthen the ground under the partnership, as the absence of academic works on the issue is not negligible. Finally, reflecting upon the US absence from CELAC, attention should be paid to the state's role in the region.

To begin with the first issue that threatens the partnership, it is clear enough if the EU is still viable in light of the debt crisis and internal disputes since 2009. The Greek debt crisis in addition to the global financial crisis caused problems and challenges concerning the Union's identity to the already existing economic ones. Thus, solidarity among EU members and the benefits from integration were questioned. (Lazarou 2012: 181) Because of this sort of problems the Union was expected to be concentrated on its internal situation rather than on being motivated to develop its existing partnerships. Within this changing environment, while Europe seems to decline, Latin America slowly but steadily gains credibility in international discourse and, as a result, worths the position of a desired partner for Europe, in order together to define strategies to cope with the international financial crisis. The special partnership between the two region's is depicted in the following statement: "The difficult economic times for Europe come in contrast to the sustained growth for the majority of the countries of our continent and point out that, for the first time, Latin America is a part, not of the problem, but of the possible solutions to the global crisis"¹¹ (Moreno quoted in Chilean Ministry of Foreign Affairs 2012).

Furthermore, against all odds, each year, trade between the EU and CELAC is becoming more and more dynamic. According to the Directorate of International Economic Relations (DIRECON) of the Chilean Ministry of Foreign Affairs, an average annual growth of 13% between 2002 and 2011 was observed, reaching U.S. \$ 276 billion in 2011. However, the relations EU – LAC may in the near future still experience a decline in trade and investments due to the European crisis and the appearance of new actors (China, India, Brazil and Turkey, among others). Nevertheless, both regions can seek solutions to global issues such as international migration, energy, cultural tourism, climate change and the development agenda of UN Millennium Goals (Leiva 2013:31). Finally, there is no doubt

11.El Ministro Moreno agregó que "el difícil momento económico que vive Europa, y en contraste, el sostenido crecimiento de la mayor parte de los países de nuestro continente, hace que algunos incluso señalen que por primera vez, América Latina sea parte, ya no del problema, sino de las posibles soluciones a la crisis global".

that the ambitiousness of the commitments made, requires a more active role for private sector entrepreneurship. It also requires commitment from the individual states to provide a stable environment to the investors (Nikolakopoulos, 2013:5).

To continue with skepticism regarding inter-regionalism, scholars accuse the EU of not being truly engaged to its partnerships, since declarations, recommendations, speeches and policy documents are not enough to substitute the implementation of common policies ahead of the institutionalization of the cooperation. To be more specific the case of the Asia-Europe Meeting (ASEM) is indicative of a long-lasting desire to deepen partnership with Asia. Although getting EU relations right with Asia is one of the current European challenges, the Union only achieved the establishment of a wide-ranging dialogue which is expected to lead to cooperation and convergence on global issues, regional security questions as well as regulatory policy and other economic issues. (EU External Action Service, 2012) However, the case of Latin America is different, since it could be argued that the ground is prepared to proceed to the institutionalization of the partnership, as inter-parliamentary cooperation as well as humanitarian aid cooperation (Haiti) are observed (Stavridis 2007: 326).

Critique regarding Latin America's side is based upon the argument that the region is divided in state-blocks that question its coherent voice. Not to go far, within CELAC we can identify the existence of three different groups that do not share the same ideology and objectives; Brazil in line with Mercosur, Venezuela promoting ALBA, Mexico enjoying closer relations with the US and the isolated Cuba. However, all these groups leave behind their particular interests, so as for CELAC to consist a strong institution possessing an international status. "In past conferences the countries of the Old Continent were represented by the European Union, while Latin-Americans were approximately thirty countries each one represented separately. Now we have one organization with one only voice"¹² (Moreno quoted in *El Tribuno* 2013). However, there still some divisions between the EU and CELAC as it became clear during the Santiago Summit on certain issues like the investment security and protectionism (Trueb, 2013:9).

12. Translation from Spanish: "En otras reuniones los países del viejo continente estaban representados por la Unión Europea y los latinoamericanos éramos treinta y tantos países, cada uno separado, pero ahora tenemos una organización, con una sola voz", resaltó el ministro en una entrevista con el Canal 24 Horas, reseñada por la agencia Prensa Latina.

Furthermore, the absence of academic works on EU-LAC inter-regionalism effort is a paradox. Although there is no doubt that "another transatlantic relationship" of the EU acquires a new meaning, in view of the Union's efforts to strengthen and define its role as an international actor, so far few academic works in the West follow the development of the Europe-Latin America relationship in a descriptive, analytical and prescriptive way. As a result, even today, it is quite likely that an exhaustive search for references or sources related to the subject will find any results, mainly in English (Lazarou 2009: 570). That ends up perpetuating limited knowledge on the issue and hinders the effective follow-up of the partnership, as no interest in supporting the effort academically is observed. However, the establishments of lower level meetings in which academics participate ahead of the EU-CELAC Summit, in order to prepare the ground for high level meetings set the basis for the future production of academic work on the issue.

Finally, reflecting upon the US absence from CELAC, attention should be paid to the former's role in the region. In the past ten years Latin American economies grew at an annual average rate of 5.5%, while economic growth went hand in hand with social progress. Moreover, the establishment of democracy brought an improvement in social policy. However, more action is needed especially to alleviate poverty, improve schools and health care, tackle the informal economy, corruption, and injustice and counter drug-trafficking and violence. Getting these things right will be easier, if relations with the United States improve, at the same time that the attitude of the former has to change too; worries about crime and migration emphasize the risks in the relationship with Latin America more than on the opportunities. Thus, the US did not participate in CELAC and EU tried to fill this gap through this new partnership. The lesson to be learned is "the more open the United States is towards Latin America, the greater the chances of creating the prosperity which in the end is the best protection against conflict and disorder. After two centuries of lagging behind, the southern and central parts of the Americas are at last fulfilling their potential. To help cement that success, their northern cousins should build bridges, not walls" (*The Economist*, 2010a).

Although ties between US and Latin America were almost damaged, the former needs to appreciate the rising importance of the latter, with its expanding market for exports, its investment opportunities, its enormous reserves of energy and minerals and its continuing supply of needed labor. At the same time, the economies of Latin America depend on the

United States for capital, know-how, technology and remittances. Three policy differences on immigration, the war on drugs and the embargo on Cuba distanced the US from its southern neighbors. To be more specific, the bad idea of building a wall on the border between the United States and Mexico to fight illegal migration, the war on drug traffickers undermining the rule of law and the counter-productive embargo imposed on Cuba aggravated the situation between the two sides. However, the real problem is that each of these issues is tangled in the domestic politics of the United States and no American politician takes responsibility for tackling them (*The Economist*, 2012b).

Conclusions

This work moved from the current discussion of gains coming from the resurgence of regionalism to an analysis of the main characteristics of Latin American integration. Moving from the broader issue of the reasons behind integration, we placed interest in the cases of Mercosur and CELAC together with the 1st EU-CELAC / 7th EU-LAC Summit, seen as a new form of inter-regionalism. In the first part, paying attention to the resurgence of regional integration in the previous two decades, we demonstrated the main reasons that reinforced this phenomenon and, at the same time, revitalized the existing supranational institutions. Moreover, throughout the second part, we focused on the emergence of two organizations: Mercosur and CELAC. Finally, in the last part, we took a closer look at the aforementioned Summit, referring especially to the origins of the cooperation, examining the motivations of the two sides and mentioning a couple of crucial issues that can threaten the follow-up of the partnership.

The first part of this essay was focused on the resurgence of Latin American integration and elaborated on the main reasons for its continuity over the years. During the past decades institutional efforts were made based on geo-political, economic and political reasons together with the changes occurred on the international scene. Security in a region that had suffered from disputes and long-term rivalries, as well as a particularly wide power imbalance between the countries is the number one motivation fostering integration initiatives. Moreover, the need to decrease US' influence and gain a wider margin of maneuver and a more independent policy motivated Latin-American states to create regional institutions. Due to proximity and natural resources, US policy makers

perceived Latin America as US' "backyard" and, therefore, the region belonged to US' sphere of influence having limited independence.

Economic factors also constitute a key motivation as far as integration progress is concerned. Through integration process, trade policies between the countries become more cohesive, induce gains and open new perspectives which are impossible to get as a single country. It is evident that both bigger and smaller countries of the Continent benefit from integration, since the first ones can reinforce their economy and increase their competitiveness worldwide and the latter ones gain access to large markets otherwise unreachable. Furthermore, it is accepted that integration develops through spill-over effects; as a result, cooperation in some aspects of economic policy can lead to the establishment of cooperation also in other major issues like drugs and gun trafficking. Finally, in a region having a long history of dictatorships and authoritarian regimes, economic growth and liberalization create a productive ground for political stability and consist a means towards democratization. Last but not least, it is essential to examine all those reasons leading to integration in accordance with international changes like the progress of European integration and the 2008 economic crisis that blocked further integration attempts.

The second part of the paper was focused on the emergence of two organizations in Latin America, Mercosur and CELAC. These two organizations accomplished long-desired targets and promoted unity in the region, economic progress and security. However, both Mercosur and CELAC, face some challenges and obstacles that outweigh the benefits gained from their establishment. The first organization, Mercosur, is the most successful example of integration in the region. Four countries, Brazil, Argentina, Uruguay and Paraguay, decided to unify their powers and visions for a common market in Latin America. Mercosur, therefore, has a financial character and is aiming at the free circulation of goods and services and factors of production, common trade policies and commitment to the organization's Founding Treaty. All these aims lead to the reinforcement of unity in Latin-America and resolve in a way the security issues in the region. However, the differences concerning the power imbalances between member-states, protectionism issues, the lack of leader and commitment to Mercosur's goals, and problems concerning the function of the Common Market question the progress and the evolution of the organization. Benefits enjoyed by the participants may be many, but these are reachable

only through efforts and sacrifices not only of the smaller countries, but mainly of the bigger and stronger ones, in order Mercosur to truly become a common market instead of “a market of two and two”.

The second organization, CELAC, with the participation of the vast majority of Latin-American and Caribbean countries, reflects the need for cooperation in the region, the joint course to improvement and the collective need to differentiate from the US. It is the most recent institutional effort and it remains a question whether it will be the answer to Latin America’s persistent problems, or not. Several issues such as the interference of external forces, territorial disputes and the different voices of Brazil, Venezuela and Mexico within the organization separate CELAC from the fulfillment of its goals. The key to the future progress is consigned to the countries that participate which should define clear policies and targets; cooperation and effective communication between the countries is the only way for the organizations to involve.

In the third part of this essay we examined the EU – LAC cooperation, having as a key benchmark the 7th EU–LAC / 1st EU-CELAC Summit. EU and Latin-America are mutually considered as natural allies and their collaboration has an increased importance in policy making. The fact that all Latin American and Caribbean countries are now represented by a unique institution, CELAC, highlights reflects the reinforcement of integration in the region. First of all, we referred to the origins of the EU–LAC cooperation and the consequential dynamic in their relations. Since 1999 and every two years, Summits were organized and have so far led to the establishment of a close cooperation in issues such as science, research, innovation and technology, sustainable development, environment and climate change, biodiversity, energy, regional integration and interconnectivity to promote social inclusion and cohesion, migration, education and employment to promote social inclusion and cohesion and the world drug problem. In addition to that, civil society aspects were involved in the EU-Latin-America cooperation through the establishment of the EU-LAC Foundation based in Hamburg. After the Summit of Santiago EU –CELAC cooperation depends on many factors. Among them the most important are: to what extent Cuba holding the Presidency of CELAC will be capable of producing positive results, to what extent Caribbean countries will be fully involved in the process, on the development of the EU- Mercosur Association Agreement, if in the near future the Multiparty Agreement with Colombia and Peru and EU – Central America Association Agreement will enter into

force and finally how fast the networks which so far have established – academic, media, business - will be expanded (Trueb, 2013, p.10).

Furthermore, we focused on the reasons that led each side to develop this dynamic partnership. It is known that the European Union looks forward to maintaining relation with key global players and growing powers. Latin America, constituting a region bigger than Europe and including economic powers such as Brazil, is perceived as a trade partner of major importance. As far as Latin America is concerned, while free trade, inter-regionalism, security, democracy, human rights, climate change, development and humanitarian aid are fostered by the EU, elements distinctive of South-America like the need to address drug-trafficking, poverty alleviation, specific health problems, and, more importantly, incorporate a different approach towards political culture, democratic norms and social needs stimulated Latin-Americans and promoted the partnership.

However, all the goals set, are threatened by obstacles that tend to diminish the effectiveness of the cooperation. The EU needs to focus on its internal economic problems caused by the 2008 financial crisis. Moreover, the Union must show that the engagement with Latin America concerns an immediate plan of action and not a future movement; EU should show its true devotion. On the other hand, Latin America needs also to eliminate the different voices and opinions emerging from the three different groups within CELAC. In the EU-LAC cooperation, external influences and factors should not be forgotten, but should try to get involved in an efficient way. This promising engagement should be cared and coddled, in order for the partnership to blossom and bring advantages. Last but not least, academic work on this special relationship, in order for the partnership to acquire a new meaning, should be promoted and the role of the United States in the region should be taken into consideration, although North-American leaders seem to neglect their Southern allies.

Bibliography

Anonymous, 'South American integration', *The Economist* (on-line), 14 Jul 2012a, available at <http://www.economist.com/node/21558609>, [Accessed Dec 2012]

Anonymous, 'Mercosur summit mulls action against Paraguay over Lugo', *BBC* (on-line), 28 Jun 2012 available at , [Accessed Dec 2012]

Anonymous, 'The real back yard', *The Economist* (on-line), 14 Apr 2012b, available at <http://www.economist.com/node/21552587>, [Accessed Dec 2012]

Anonymous, 'Latin American integration', *The Economist* (on-line), 26 Nov 2011, available at <http://www.economist.com/node/21540319/email>, [Accessed Dec 2012]

Anonymous, 'The United States and Latin America; Nobody's Backyard', *The Economist* (on-line), 9 Sep 2010, available at <http://www.economist.com/node/16990967>, [Accessed Dec 2012]

Best Edward, 'Integration Challenges in Latin America' [on-line], EIPA, 1993, available at http://www.eipa.eu/files/repository/eipascope/Scop93_2_1.pdf, [Accessed Dec 2012]

Burges Sean, 'Analysis of Venezuela from Steve Ellner in Caracas', ANCLAS blog [blog], 4 Oct 2012, available at <http://anclas.net/2012/10/04/analysis-of-venezuela-from-steve-ellner-in-caracas/>, [accessed 29 October 2012]

Burges Sean, 'Pointed analysis of Mercosur from former Uruguayan President Sanguinetti', ANCLAS blog [blog], Aug 30, 2012, available at <http://anclas.net/2012/08/30/pointed-analysis-of-mercotur-from-former-uruguayan-president-sanguinetti/>, [accessed 29 October 2012]

Burges Sean, 'Consensual Hegemony: Theorizing Brazilian Foreign Policy after the Cold War', *International Relations*, Vol. 22, No. 1 (2008), pp 65-84

Burges W. Sean, 'Without Sticks or Carrots: Brazilian Leadership in South America during the Cardoso Era, 1992–2003', *Bulletin of Latin American Research*, Vol. 25, No. 1 (2006), pp 23-42

Gardini Gian Luca, 'Two Critical Passages on the Road to Mercosur', *Cambridge Review of International Affairs*, Vol.18, No3 (2005) , pp 405-420

Cohn Theodore, *Global Political Economy 6th ed*, Paperback, London, 2011

Fernández Sola Natividad, 'Las Relaciones UE-América Latina y Caribe: Del Regionalismo al Bilateralismo?', in Stavridis Stelios, Kölling Mario, Fernández Sola Natividad (eds), *Las Relaciones Internacionales de las regiones: Actores Sub-Nacionales, Para-Diplomacia y Gobernanza Multinivel, Actas de Congreso*, Servicio de Publicaciones de la Universidad de Zaragoza, 2007, pp

Flaesch- Mougín Catherine, Joël Lebullenger, 'Les relations contractuelles de l'Union

Européenne avec les pays et groupements latino-américains', in a selection of conference papers of the 3rd ECSA- World Conference: The European Union in a changing world, Brussels, 19-20 Sept 1996, pp 581- 628

Gomez Mera Laura, 'Domestic constraints on regional cooperation: Explaining trade conflict in MERCOSUR', *Review of International Political Economy*, 2009, pp 1-32

Gomez Mera Laura, 'How 'New' is the 'New Regionalism' in the Americas? The case of MERCOSUR', *Journal of International Relations and Development*, Vol. 11 (2008), pp 279-308

Gomez Mera Laura, 'Explaining Mercosur's Survival: Strategic Sources of Argentine-Brazilian Convergence', *Journal of Latin American Studies*, Vol. 37, No. 1 (2007), pp 109-140

Gomez Mera Laura, 'Obstacles to Regional Integration in Latin America and the Caribbean: Compliance and Implementation Problems', *Jean Monnet/Robert Schuman Paper Series*, Vol. 7, No. 8 (2007), pp 3-24

Grabendorff Wolf, 'Mercosur and the European Union: From Cooperation to Alliance?', in Riordan Roett (ed), *Mercosur: Regional Integration, World Markets*, (London: Lynne Rienner publishers, 1999), chap 7, pp 95-109

Gratius Susanne, Wheeler Eric, 'Challengers or followers? The seventh EU-LAC Summit', the FRIDE blog [blog], 25 Jan 2013, available at <http://fride.org/blog/challengers-or-followers-the-seventh-eu-lac-summit/>, [accessed Jan 2013]

Gratius Susanne, 'Brazil and the European Union: between balancing and band-wagoning', ESPO *working paper No. 2*, European Strategic Partnership Observatory, Belgium, Jul 2012, pp 1-24

Grugel Jean, Almeida Medeiros Marcelo de, 'Brazil and MERCOSUR', in Grugel Jean and Hout Wil (eds), *Regionalism Across the North-South Divide: State Strategies and Globalization*, (London: Routledge, 1999), pp.46-61

Hurrell Andrew, 'Hegemony and Regional Governance in the Americas', in Louise Fawcett and Monica Serrano (eds), *Regionalism and Governance in the Americas: Continental Drift*, (London: Palgrave Macmillan, 2005), pp 185–208

Hurrell Andrew, 'Security in Latin America', *International Affairs*, Vol. 74, No. 3 (1998), pp 529-546

Hurrell Andrew, 'Explaining the resurgence of regionalism in world politics', *Review of International Studies*, Vol. 21, No. 4 (1995), pp 331-358

Hirst Mônica and Soares de Lima Maria Regina, 'Brazil as an Intermediate State and Regional Power', *International Affairs*, Vol. 82, No. 1 (2006), pp 21-40

Hirst Monica, 'Mercosur's Complex Political Agenda', in Riordan Roett (ed), *Mercosur: Regional Integration, World Markets*, (London: Lynne Rienner publishers, 1999), chap 3,

pp 35-47

Kaltenthaler Karl, Mora O. Frank, 'Explaining Latin American economic integration: the case of Mercosur', *Review of International Political Economy*, Vol.9, No 1 (2002), pp 72-97

Lazarou Elena, 'A paradigm in Trouble? The effects of the Euro Crisis on the European Model for Regional Integration in South America', in Fioramonti Lorenzo (ed), *Regions and Crises: New Challenges for Contemporary Regionalisms*, (London: Palgrave, 2012), chap 11, pp 180-200

Lazarou Elena, 'Brazil and the European Union: Strategic Partners in a Changing World?', ELIAMEP Working Paper No 24/2011, ELIAMEP, Athens, 2011

Lazarou Elena, 'A União Europeia e a América Latina: um panorama da cooperação interregional', *Estudos Históricos (Rio de Janeiro)*, Vol. 22, No. 44 (2009), pp 569-572, available at http://www.scielo.br/scielo.php?script=sci_arttext&pid=S010321862009000200015&lng=en&tlng=pt. <http://dx.doi.org/10.1590/S0103-21862009000200015>, [accessed 29 October 2012]

Leiva, Berta, 'The Political and Economic Dimension of the EU- Latin America', Paper presented at the conference *European Union-Latin American relations after the Santiago de Chile Summit, and implications for Greece*, organized by the Institute of International Relations, Athens, 11 February 2013.

Malamud Andrés, 'Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR: An Empirical Examination', *Latin American Research Review*, Vol. 40, No. 1 (2005), pp 138-164

Mendizabal Enrique, Edwards Guy, 'Relations between Europe and Latin America and the Caribbean: the partnership phase', ODI Opinion, Overseas Development Institute, London, 2008, pp 107-108

Motta Veiga Pedro da, 'Brazil in Mercosur: Reciprocal Influence', in Riordan Roett (ed), *Mercosur: Regional Integration, World Markets*, (London: Lynne Rienner publishers, 1999), chap 2, pp 25-33.

Nikolakopoulos, Nikos, 'EU – Latin America Relations: The Business Perspective', Paper presented at the conference *European Union-Latin American relations after the Santiago de Chile Summit, and implications for Greece*, organized by the Institute of International Relations, Athens, 11 February 2013.

Olmos Giupponi Belén, 'International Law and Sources of Law in MERCOSUR: An Analysis of a 20-Year Relationship', *Leiden Journal of International Law*, Vol. 25 (2012), pp 707-737

Page Sheila, 'The Relationship between the European Union and Mercosur', *The International Spectator: Italian Journal of International Affairs*, Vol. 34, No 3 (1999), pp 91-108.

Peña Félix, 'Broadening and Deepening: Striking the Right Balance', in Riordan Roett (ed), *Mercosur: Regional Integration, World Markets*, (London: Lynne Rienner publishers, 1999), chap 4, pp 49-61.

Rutherford F. Thomas, Martinez Josefina, 'Welfare Effects of Regional Trade Integration of Central American and Caribbean Nations with NAFTA and MERCOSUR', *The World Economy*, Vol. 23, No 6 (June 2000), pp 799-825

Santander Sebastian, 'The European Partnership with Mercosur: a Relationship Based on Strategic and Neo-liberal Principles', *Journal of European Integration*, Vol. 27, No 3 (2005), pp 285-306

Soutullo Alvaro, Gudynas Eduardo, 'How effective is MERCOSUR's network of protected areas in representing South America's ecoregions?', *Oryx*, Vol. 4, No. 1 (2006), pp 112-116

Spektor Matias, 'Brazil: The Underlying ideas of regional Policies', in Flandes Daniel (ed), *Regional Leadership in the Global System: Ideas, Interests and Strategies of Regional Powers*, (Burlington: Ashgate Publishing Company, 2010), chap. 9, pp 191-204

Spektor Matias, 'Rising Brazil: Implications for the United States', *The Brazilian Economy*, Vol. 1, No. 12 (2010), pp 19-20

Spektor Matias, 'Brazil as a Regional and Emerging Global Power', *SAIIA Policy Briefing 9*, SAIIA, 2009

Stavridis Stelios, Gordin Jorge, Diamint Rut, 'Conclusiones', in Stavridis Stelios, Kölling Mario, Fernández Sola Natividad (eds), *Las Relaciones Internacionales de las regiones: Actores Sub-Nacionales, Para-Diplomacia y Gobernanza Multinivel, Actas de Congreso*, Servicio de Publicaciones de la Universidad de Zaragoza, 2007, pp 319-327.

Trueb Bettina, 'EU-CELAC Relations after the Santiago Summit', Paper presented at the conference *European Union-Latin American relations after the Santiago de Chile Summit, and implications for Greece*, organized by the Institute of International Relations, Athens, 11 February 2013.

Tsardanidis Charalambos, 'Interregionalism: a Comparative Analysis of ASEM and FEALAC', in Dosch Jörn and Jacob Olaf (eds), *Asia and Latin America: Political, Economic and Multilateral Relations*, (London: Routledge, 2010), chap 13, pp 218-237

Valls Pereira Lia, 'Towards the Common Market of the South: Mercosur's Origins, Evolution, and Challenges', in Riordan Roett (ed), *Mercosur: Regional Integration, World Markets*, (London: Lynne Rienner publishers, 1999), chap 1, pp 7-23

Vervaele AE John, 'Mercosur and Regional Integration in South America', *International and Comparative Law Quarterly*, Vol. 54, No. 2 (2005), pp 387-410

Ventura Deisy, 'First Arbitration Award in Mercosur – A Community Law in Evolution?', *Leiden Journal of International Law*, Vol 13, No. 2 (2000), pp 447-458

EU Documents

EU-CELAC Santiago Declaration on the 1st EU-CELAC Summit, Santiago, Chile, 27 Jan 2013

Council of the European Union Action Plan 2013-2015 5748/13 on EU-CELAC, Santiago, Chile, 27 Jan 2013

Barroso José Manuel Durão, President of the European Commission *SPEECH/12/832*
Speech: *Discurso: Cumbre Ibero-Americana*, Cadiz, Spain, 17 Nov 2012

Barroso José Manuel Durão, President of the European Commission *SPEECH/13/58*
Speech: *Declaración del Presidente Barroso tras la Cumbre EU-CELAC*, 27 Jan 2013

Council of the European Union Action Plan 2010-2012 10449/1/10 REV 1 on EU-LAC SUMMIT; "Towards a new stage in the bi-regional partnership: innovation and technology for sustainable development and social inclusion", Madrid, 18 May 2010

Commission of the European Communities COM (2009) 495/3 on the European Union and Latin-America: Global Players in Partnership, Brussels, 30 Sep 2009

European Commission, *The Strategic Partnership between the European Union, Latin-America and the Caribbean: a Joint Commitment*, European Union Publications, Brussels, 2008

European Commission, *European Union Latin America Caribbean advancing together*, European Union Publications, Brussels, Jun 1999

Economic and Social Committee of the European Communities Opinion CES 459/99 on the Relations between the European Union, Latin America and the Caribbean: socio-economic interregional dialogue, Brussels 28-9 April 1999

Websites

Argentina, Ministry of Foreign Affairs, *Defender la Voluntad Popular* [on-line], 2012, available at <http://www.argentina.gob.ar/noticias/1167-defender-la-voluntad-popular.php>, [Accessed Dec 2012]

Chile, Ministry of Foreign Affairs, *Cuarenta y tres Jefes de Estado y/o de Gobierno ya han confirmado su asistencia a las Cumbres CELAC-UE y CELAC Chile 2013* [on-line], Santiago, 03 de enero de 2012, available at http://www.minrel.gob.cl/prontus_minrel/site/artic/20130103/pags/20130103164811.php, [Accessed Dec 2012]

European Union External Action Service, *What we do* [on-line], 2012, available at http://eeas.europa.eu/what_we_do/index_en.htm, [Accessed Dec 2012]

European Union External Action Service, *The EU's relations with Latin America and the Caribbean* [on-line], available at http://www.eeas.europa.eu/lac/index_en.htm, [Accessed Dec 2012]

El Tribuno, *Chile Reivindicó una única Voz Latinoamericana ante La Union Europea* [on-line], 2013, available at <http://www.tribuno.info/jujuy/239763-Chile-reivindico-una-unica-voz-latinoamericana-ante-la-Union-Europea.note.aspx>, [Accessed Jan 2013]

EU-LAC Foundation, *Mission and Vision* [on-line], 2012, available at <http://eulacfoundation.org/mission-and-vision>, [Accessed Dec 2012]

Mercosur, *Mercosur* [on-line] , 2012, available at <http://www.mercosur.int/> [Accessed Dec 2012]