

Relations between Europe and Latin America and the Caribbean: The partnership phase

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‘The EU must address its own relations with Latin America and the Caribbean to offer a new and genuine partnership’

Latin America seems to be managing to keep its feet dry in the midst of a global economic storm. This demonstrates that Latin American trade offers not only a favourable climate for European investment, but also a timely political opportunity for the European Union (EU). The EU would do well to improve the quality of its engagement with the region, to take greater advantage of the growing consensus on issues that face both regions.

While the Fifth EU-Latin American and the Caribbean (LAC) summit in May 2008 in Lima was heralded as a success, the level and quality of political discussion remains insufficient. A European failure to improve political dialogue with LAC will not only jeopardise the chances of a strategic partnership, but may well risk the loss of an increasingly important partner for the EU.

What came out of Lima?

The five main issues discussed in Lima were: climate change; poverty; food; energy and multilateralism; and regional integration.

The debate on sustainable development (environment, climate change and energy) confirmed that the EU and LAC represent the strongest bi-regional grouping on climate change issues. Both have a strong focus on the issue and on possible ways forward, and there is a great opportunity to enhance the relationship between the two regions, demonstrating to the world that it is possible to reach consensus, regardless of the clear differences in levels of development.

The European Commission unveiled a new fund on climate change, EUroclima, worth €5 million (\$7.4 million) to share knowledge and promote dialogue. While this represented the most concrete policy to emerge from the summit, \$7.4 million will not address the threats posed by rising temperatures in the region. The Andean Community, for example, could expect losses of up to \$30 billion a year by 2025 as a result of the rapid melting of glaciers.

The debate on poverty, inequality and inclu-

sion led to consensus that the food price crisis poses new challenges to social cohesion. A coordinated effort is necessary to tackle the risks of the credit crunch and food price hikes by drawing on the synergies between the two regions. LAC has huge potential as a food supplier while the EU can provide technology and investment.

LAC's own policies to address the food price crisis will affect global and European markets, making cooperation in Europe's best interests. This was reflected in a number of initiatives formulated in Lima, including commitments to: strengthen social protection; encourage greater participation of civil society in social policies; and modernise state institutions.

These debates have direct implications for the use of natural resources. A 'business as usual' approach is no longer an option, given the climatic and environmental stresses affecting some of the key ecosystems in the region. Agriculture in Brazil, for example, is closely linked to stability in the Amazon basin which could face lower crop yields and increased food insecurity, if heavy deforestation persists.

The Lima summit emphasised the increasingly important role of biofuels in EU-LAC relations, but this may yet be derailed by debate on the dangers of an unbridled biofuel bonanza, following the publication of reports from the World Bank and UK government on this issue.

The preservation of forests and biodiversity was also under the spotlight. Discussions over the validity of carbon trading to tackle climate change and support sustainable development, combined with fears over the loss of sovereignty over natural resources, will continue to cause diplomatic headaches.

The development of renewable energy across both regions was said to have considerable potential. Therefore, sharing of knowledge and promoting renewable energy generation, as well as a rational management of natural resources – in particular water – and improving energy services, are critical opportunities for bi-regional business development and investment.

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A new way forward

The Lima Summit set out issues around which a more equal partnership between the EU and LAC can be built. A common theme in this partnership is the role of knowledge.

European Commission programmes, such as EUROsocial, which focuses on best-practice policies from Europe and Latin America, and EUroCLIMA, which promotes dialogue, are on the right track. But, the European Commission's Regional Indicative Programme for Latin America, for example, which focuses on social inclusion, regional integration and higher education, does not reflect the views expressed at the Lima Summit. The lack of consensus between the Commission's regional programme in Latin America and the key areas highlighted in Lima may suggest LAC views are not entirely represented in the EU's strategy. It smacks of the old pattern in relationships between Europe and LAC, with LAC countries regarded as aid recipients rather than partners.

Europe needs to do more to strengthen its partnership with LAC. Given the backlash against European development policies elsewhere, European leaders should take greater care when negotiating with LAC governments that can pick and choose their partners.

The increasing degree of interdependence between LAC and Europe means that European efforts to create a mutually beneficial strategic partnership are dependent on its ability to integrate successfully foreign and development policies. Europe may be the largest source of aid to LAC and the region's second biggest trading partner, yet a lack of policy coherence and continuity between foreign and development policies remains. Unless addressed, this will continue to undermine attempts to establish a coherent strategic partnership.

At a time when greater engagement is required to illustrate Europe's advantages over other global suitors, Europe's attention span in LAC is inadequate.

The UK, for example, seems to be retreating from Latin America. The Department for International Development (DFID) is closing down its offices in the region; and neither the Prime Minister nor the Foreign Secretary attended the Lima Summit.

Europe as a whole should be bolder and more innovative in policies that directly affect both regions, such as: immigration policies; joint ventures and LAC investment in Europe; knowledge partnerships and networks between scientific and policy centres; and bi-regional alliances at the multi-lateral level to tackle global challenges. To celebrate the bicentenary of Latin American independence from European colonialism, greater commitment is required by European leaders to persuade LAC that the region is a desired partner. Failure to do so might hinder LAC's current development trajectory and weaken Europe's position on the global stage.

The road to the next EU-LAC Summit in Spain in 2010 represents a critical test for the relationship between the regions. After almost a decade, the USA is set to renew its interest in LAC; and China is stepping in as an attractive new trade partner, particularly in Brazil, Cuba and Venezuela. The EU should not necessarily expand its aid commitments; rather, it must address its own relations with LAC to offer a new and genuine partnership.

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