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[Looking West](#)

More than Walls

Latin America's Role in the Triangle with the US and Europe

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If Germany and Europe turned their attention to Latin America, they could extend the transatlantic partnership by adding new partners and focussing on new issues without breaking ties with Washington. However, the countries of the region have differing views of Europe. Mexico is a special case in Latin America because of its close ties with the US, and the economic, political, and strategic interests that it shares with Europe. There is a need for Europe and the US to work together more closely in order to counterbalance China's growing influence.

Transatlantic relations have entered a phase of disruption and estrangement since Donald Trump took office. Chancellor Angela Merkel spoke about this difficult period in transatlantic relations in her speech to the German diplomatic corps on 6 July 2018. She called for Germany and the United States to work more closely together: "We benefit from each other's strengths. That is why we need the transatlantic partnership."¹ Donald Tusk, the President of the European Council, had already stated, on 20 March 2018, that transatlantic relations were a cornerstone of the security and prosperity of both the United States and the European Union.² He also stressed the need for the EU to move closer to the US in order to strengthen this relationship.

The statements by Merkel and Tusk make it clear that relations with the United States have slipped into a spiral of unrest and uncertainty as a result of the policies pursued by the Trump administration. Many observers believe this is a unique and unprecedented period of estrangement. It is hardly surprising that this is causing so much concern, as the United States has been of fundamental importance to Europe since the end of the Second World War. It is, therefore, appropriate to rethink the transatlantic partnership.

If Germany and Europe were to turn their attention to Latin America, they could enhance the transatlantic partnership by adding new partners and focussing on new issues, without

cutting their ties with Washington. It could be an "extended transatlantic partnership". When looking for new partners, Latin America would seem to be the obvious choice. However, it is important to take a differentiated approach, as the countries of the region hold very different views of Europe. Mexico is a special case in Latin America because of its close ties with the US, and the economic, political, and strategic interests that it shares with Europe. Moreover, China's strong trading presence in the region would make such an expansion of partnership difficult.

Trump and Latin America

The at times harsh tone and strategic disorientation emanating from the White House is a major impediment to the US's relations with Latin America. Nevertheless, their shared democratic values, and joint economic, strategic, and regional interests have not been impacted by this shift in style and substance.

Conservative, market-oriented governments, such as those in Chile and Argentina, as well as left-wingers, such as the Mexican president, both continue to strive for closer cooperation with the United States. And, despite political feathers being ruffled on both sides, the US remains strongly committed to political, strategic, and economic cooperation in the region. These structures are robust because they are supported on both sides by countless stakeholders in the fields of politics, business, and civil society. The narrowing of media coverage to the

person of President Trump – which also occurs in Latin America – all too often ignores the intensity of this hemispheric interdependence.

Both sides still face pressing and important structural challenges, made all the more explosive by the fact that they have far-reaching regional implications.

- Latin America, especially Mexico and Central America, forms part of a regional migration system with the US. Hundreds of thousands of people migrate from the economically weaker, physically more dangerous or politically more unstable states to the wealthier, safer, and more stable countries of the region: to Argentina, Chile, Panama, Mexico and, of course, the US. Before the Bolivarian Revolution, Venezuela also formed part of this list. Emigration to the US is also culturally anchored, as the United States is still regarded as a country of opportunity. These “aspirational” migratory flows to and from Latin America, in which people seek a better future for themselves and their families, will not be slowed down by a shift in presidential rhetoric, no matter how pronounced. The migrant caravan that headed for the US in the summer of 2018 bore eloquent testimony to this.
- The spread of organised crime, in particular the drug trade, has so far not been controlled. These transnationally networked and extremely well-funded crime syndicates set up their operations in the region’s fragile states, and at the geographic and social peripheries of emerging nations: in urban slums, economically dependent provinces, and dense rainforests with no government presence. It has, to date, been difficult to prevent these violent criminals from infiltrating into the region’s more developed nations, not least because state agencies throughout the region (not only in the fragile states) are in the pocket of the drug cartels. Organised (drug) crime has become an endemic, i.e. systemic problem, especially in Mexico, Colombia, and Brazil, as well as in Central

American countries such as Honduras, where more people are dying today than did during the civil wars of the 1980s. This highlights the complexity of the problem – and also the fact that it will remain on the agenda of both Latin America and the US.

- The continuation of the Colombian peace process remains in the interests of both the region and the US. The structural ties between the United States and Colombia are mainly expressed through their close security cooperation, but also extend to business, science, and technology. Such cooperation structures are long-lasting and outlive political cycles.
- A final example is the humanitarian catastrophe in Venezuela, caused by the Maduro regime. It has become a major regional problem, with the economic and social implosion triggered by a politically authoritarian regime causing one of the worst refugee crises in the history of Latin America. The dictatorial leadership of Nicolás Maduro was challenged on 24 January 2019 by Juan Guaidó, President of the National Assembly, who declared himself the country’s new president. Although the Venezuelan army proclaimed its loyalty to Maduro, the US and most Latin American states – with the exception of Mexico, Cuba, Bolivia, and Uruguay – immediately recognised Guaidó as Venezuela’s legitimate interim president. This is a sign that, even under Trump, the United States is still an important ally for the opposition in Venezuela.

Irrespective of their sub-region, stage of economic development or political orientation, over the coming years the countries of Latin America will be primarily concerned with attracting Trump’s attention and (re)awakening the US’s interest in the region. This illustrates how, long before Trump, the White House already had a pronounced lack of interest in the region – and explains, at least in part, why Latin American disquiet about the Trump phenomenon is, beyond Mexico and Cuba, relatively low.

Opportunities for Europe

Germany and Europe are also responding to the aforementioned challenges in the region. For example, the EU is involved in many areas of the Colombian peace process, including Germany's efforts to strengthen local administrative structures. In Venezuela, the EU has followed the example of the US by pledging its support to Guaidó. This shows that Europe and the United States are largely in agreement when it comes to fundamental issues of cooperation in Latin America. Common values and shared interests still provide a foundation that is largely untouched by day-to-day politicking, despite the fact that both sides of the Atlantic regularly conjure up the spectre of a crisis in transatlantic relations.³

So far, Trump's new political style seems to have had little concrete impact on European projects, such as in the area of development cooperation. It is not America's president, but the respective domestic political context of the various countries that has the greatest influence on the transatlantic partners' relations with Latin America. This can also shift in the direction of protectionism and illiberal democracy, as is happening in Bolsonaro's Brazil, making value-based international cooperation more difficult.

In light of the recent estrangement between Washington and Berlin, and Trump's lack of interest in Latin America, Germany and Europe also see a need and opportunity to redefine their own international role, and deepen old and new partnerships in order to supplement the transatlantic partnership with new players in their mutual interest.

A number of Latin American countries constitute potential partners. This is because the region shares fundamental values and structural principles with the West, such as liberal democracy, states governed by constitutions and the rule of law, a free market economy, and a commitment to effective multilateralism. Moreover, the US and Europe still share important goals

and interests in the region, such as maintaining its democratic and constitutional order, and further stabilising and developing the region by combating organised crime and state fragility.

The Other Transatlantic Relationship

Latin America only came onto Europe's radar in the 1980s. The involvement of the Iberian countries – Spain and Portugal – in the resolution of



the conflicts in Central America at the end of that decade gave new momentum to these relations. In the following decade, Europe sought greater rapprochement with Latin America, which experienced a wave of unprecedented democratisation and economic liberalisation. But European foreign policy in the region experienced so many setbacks that relations began to cool in the mid-2000s. The Latin American region showed signs of accelerating economic

development (in the wake of the commodity boom), leading to the formation of left-wing populist governments that turned away from the liberalism of the Washington consensus.

How does Latin America assess its relations with Europe? It is not easy to identify a common Latin American position on Europe. Andrés Malamud mentions how Henry Kissinger's famous question about Europe is fully applicable to



Drug incineration: The fight against organised crime is one of the most urgent challenges of the coming years.
Source: © Carlos Jasso, Reuters.

Latin America: “What number do I dial if I want to call Latin America?”⁴ This is largely because the level of integration and associated structures in Latin America is completely different from Europe. Latin America has very different views on and approaches to regional integration, which makes it difficult to adopt coherent positions in the region.

Europe’s unified attitude towards Latin America stands in stark contrast to Latin America’s widely differing views of the EU.

By contrast, the EU has developed its own integration profile and a specific role as an actor in international relations, focussing on regional integration and multilateral (liberal) cooperation. The creation of the position of High Representative of the EU, along with the establishment of the European External Action Service (EEAS) in 2010, under the terms of the Lisbon Treaty, have both served to consolidate the EU’s position as a global player. This has improved the coherence and visibility of the EU and made it easier to define a European stance on Latin America. The Latin American Integration Associations have, thus far, failed to achieve this kind of coherence. It is, therefore, all the more important to distinguish between Latin America’s different perceptions of Europe in order to find common ground and pinpoint potential opportunities for intensifying these relations.

Potential Partners in Latin America

An examination of the negotiations on Association Agreements (AA) initiated by the EU with a number of Latin American countries in the late 1990s and early 2000s aids to highlight these differences. In general, three groups with different views on Europe can be distinguished:

Firstly, the members of the *Alianza Bolivariana de las Américas* (ALBA), an organisation founded by Hugo Chávez in 2004 that is now in economic and political decline. Members are: Venezuela, Bolivia, Cuba, and (with some limitations) Nicaragua. Transatlantic cooperation with these countries is neither politically opportune nor – with the exception of selected projects – economically interesting. Relations with these countries have been difficult in recent decades, especially with Venezuela since Chávez. Their low affinity with Europe hampers future rapprochement. The pronounced anti-Americanism of this alliance of socialist governments places a further burden on relations with Europe. As long as the “imperialism of the hegemon” is invoked for the ritualised legitimation of their claim to power, Europe cannot foresee any lasting partnerships with these states.

The second group comprises those countries that are much more open to international free trade and cooperation with Europe. They do not yet have bilateral trade agreements with Europe, but are working collectively (via Mercosur) or individually to achieve this: Argentina, Uruguay, Paraguay, and especially Brazil. Negotiations with this bloc of countries have so far been protracted and produced no results. The lack of consensus within Mercosur, and the protectionist tendencies on both sides, have prevented a successful outcome. The centre-right governments in this group view the United States as a role model and leading power, while the left-wing governments acknowledge the role of the US but take a more critical view. However, the US’s attitude towards these countries is essentially driven by its own interests, and thus correspondingly pragmatic.

Brazil has a special position in the region due to its economic and political importance. Although it does not have a free trade agreement with Brazil, the country is the EU’s main trading partner in the region, and the eleventh most important in the world. In 2017, trade with Brazil accounted for 1.7 per cent of total EU trade. The EU is the biggest foreign investor in Brazil. In 2015, the country accounted for 48.5 per cent

of the EU's total investment in Latin America.⁵ By signing a Strategic Association Agreement in 2007, the EU recognised Brazil as one of its strategic partners in the region. The agreement has also helped to promote political cooperation in certain areas, but it does not have the scope of the Association Agreement that is sought by Europe.

Because of its political turbulence, Brazil is a prime example of how hopes of closer ties with Latin America have been dashed. The recent election of Jair Bolsonaro – a result of the domestic political crisis and the loss of credibility of the *Partido dos Trabalhadores* (PT, Workers' Party) – has further weakened Brazil's position in the region, and once again fuelled scepticism about the extent to which Brazil can and will actually assume the role of the EU's key partner in the region. At present, it is impossible to predict what the election of Bolsonaro means for the relationship between Brasília and Washington in the medium and long term – even though Bolsonaro has allowed himself to be called the “Trump of the Tropics” during the election campaign and aggressively courted the attention of the White House.

The countries of the Pacific Alliance that are interested in free trade constitute suitable partners for the EU.

The third and most interesting group, from a transatlantic perspective, are the members of the Pacific Alliance: Mexico, Chile, Colombia, Peru, and soon perhaps Ecuador. These countries are clearly committed to multilateralism and global free trade. They have signed an agreement with the EU, and strengthened their links with European countries. From the perspective of these countries, relations with Europe not only mean economic benefits, but also the continuation of political dialogue with a region that shares its values and visions for the future. This fundamentally outward-looking

attitude is one of the main reasons why these countries also maintain a pragmatic and often friendly relationship with the US.

Europe can find some key partners within this group of countries. In 2011, Chile, Colombia, Mexico, and Peru joined forces to form the Pacific Alliance (*Alianza del Pacífico*, AP), a regional integration initiative. Its objectives include greater economic integration, and the free movement of goods, services, and people. The initiative's liberal approach has awakened economic interests in Europe. Currently, 55 countries have observer status in the Pacific Alliance, of which 28 (almost 51 per cent) are European countries.⁶ On 17 July 2018, the High Representative of the EU, Federica Mogherini, met with representatives of the four countries of the Pacific Alliance, and the foreign ministers of the 28 EU countries. The meeting highlighted the similarities between the Pacific Alliance and the EU, and the importance of promoting a rules-based multilateral system.⁷

China in Latin America

Because the countries of Latin America have actively and systematically opened themselves up to China, Europe needs to take the initiative, and identify the potential advantages and gains for all parties inherent in an “extended transatlantic partnership”. As its name suggests, the focus of the Pacific Alliance is not upon the Atlantic, but on the Pacific. Indeed, its focus is particularly aimed at the larger Asian markets, such as China, Japan, and South Korea.

The Pacific Alliance countries' interest in Asia is shared by other Latin American countries. This is due to two factors: Asia's booming economies, and the massive expansion of China's influence in Latin America. China gained access to the Latin American market when it became a member of the WTO in 2001. Now that the US has withdrawn from its position at the forefront of globalisation – initially as a result of the 2008 economic crisis, and now due to the Trump administration – China has become a leading

player in the global economy. In Latin America, China is now the biggest trading partner for Brazil, Chile, and Peru. Chinese investment in the region has also soared over recent years. Since

2005, the Development Bank of China and the Chinese bank Exim have invested more than 150 billion US dollars in Latin American and Caribbean countries. The main recipients of these



No cause for celebration: The election of Jair Bolsonaro has further weakened Brazil's position in the region.
Source: © Adriano Machado, Reuters.

investments were Venezuela, Brazil, Argentina, and Ecuador.⁸ Overall, China's engagement in Latin America can be described as economically, not ideologically motivated.



China's influence in the region could hinder a renewed European rapprochement with Latin America. Chinese banks offer financing to a number of countries that do not have easy access to credit in other global capital markets, such as Ecuador, Venezuela, and Argentina. These banks also impose no political conditions on the governments that acquire these loans. However, they generally require the purchase of equipment or commercial contracts for the sale of petroleum. Although Chinese financiers operate on the basis of certain environmental standards, these are not as stringent as those of their Western counterparts.⁹ In large swathes of Latin America, this has led to the perception that China offers more favourable terms for signing international agreements than the West. A fresh European approach to the region should, therefore, bear in mind the fact that other actors are already heavily involved. Latin American countries will not give up their economic interests that are supported by China.

Mexico's Special Role

Mexico plays a key role in these considerations because of its geographical proximity to the US and the numerous economic, cultural, and social links between the two countries. Mexico is the region's second-largest economy, and the EU is its third-largest trading partner after the US and China. Germany also has an ambitious development agenda with Mexico at the global level, as well as with third countries, particularly in Latin America.

Since the first comprehensive agreement came into force in 2000, trade between Mexico and the EU has increased by 330 per cent from 18.7 billion US dollars in 1999 to 61.8 billion US dollars in 2016.¹⁰ In 2017, the EU accounted for 5.7 per cent of Mexico's exports, and 11.6 per cent of its imports.¹¹ The political dialogue between Mexico and the EU included seven head-of-state level summits and 23 joint parliamentary committees.¹² Mexico and the EU agreed to

start the process of updating the agreement in 2017. This renegotiation had been planned for some time, but Trump's inauguration spurred on both parties to speed up the process. An ambitious free trade agreement was concluded in April 2018. The speed and efficiency with which the negotiations were conducted speak for themselves: Mexico is an important and – in this new context – even a priority partner for Europe.

Mexico has a special role in Latin America, partly because of its close ties with the US.

Mexico's importance for Europe lies not only in its economic and political weight, but also in its special relationship with the United States. No other country in Latin America has such access to the US market, and influence over its political system. The signing of the North American Free Trade Agreement (NAFTA) in 1994 strengthened relations between Mexico and the United States, as well as with Canada. In 2016, trade with Mexico accounted for 13.66 per cent of total US trade, while Europe made up 22.32 per cent.¹³ In the same year, US imports from Mexico amounted to 290 billion US dollars, compared to imports from the entire European continent of 452 billion US dollars. This means that the United States' imports from Mexico in 2016 amounted to 64.15 per cent of the total import volume from the whole of Europe.

Yet, after taking office, Trump reopened talks on NAFTA. The negotiations proved difficult for both Mexico and Canada, but the three parties reached a new agreement known as the US-Mexico-Canada Agreement (USMCA). Its most important aspect is that it maintains its trilateral character. This had been questioned several times by Canada because it was unwilling to accept the conditions imposed by the United States. Despite the heated rhetoric, the

renegotiated North American Free Trade Agreement has, thus, not caused any lasting damage to Mexico's role as the "extended workbench of the USA".

Mexico's relations with the United States are more than purely economic, largely because of the Mexican community living in the United States. Around twelve million Mexicans are currently living in the US, and some 26 million were born on US territory.¹⁴ Mexico's network of 50 consulates in the US is the largest in the world.¹⁵ The importance of these relations has meant that Mexico has regularly succeeded in exerting its influence on the US political system in order to advance its goals vis-à-vis its northern neighbour. Political lobbying during the NAFTA negotiations in the early 1990s, and the renegotiation of NAFTA are examples of Mexico's influence on US policy. However, Mexico has been a particular target of President Trump's verbal attacks. He is doing everything in his power to keep his campaign promise of building a wall on the border with Mexico, and has shown no qualms about spouting insulting generalisations about Mexicans. This has further intensified the tension between closeness and rejection that characterises US-Mexico relations, and has encouraged Mexico to look for alternatives.

This is why Mexico can and should be seen as an interesting and important partner for bringing a Latin American element into transatlantic relations. Mexico and Europe share not only economic and political but also strategic interests, as greater rapprochement could also provide a more effective counterweight to the dependence of both sides on the United States. But Mexico is not the only country that has a special relationship with the United States. For Canada, too, relations with its southern neighbour are of crucial importance. However, here too, Trump has created a growing sense of disillusionment. If Canada were to be included in a Mexico-EU-Canada triangle, this could create ties between stakeholders of the liberal world order, which could be interesting for Europe over the coming years.

Germany and Europe, therefore, have here an extraordinary opportunity to open up a new communication channel to the Trump administration via Mexico. How this will be affected by the recent change of government in Mexico will largely depend on the personal chemistry between Andrés Manuel López Obrador and Donald Trump – and also on the extent to which both presidents allow the much-invoked wall between the two countries to define bilateral relations. On both sides of the Rio Grande, it has become a core element of their identity policy.

Opportunities for Future Cooperation

As Europe moves closer to Latin America, it shall encounter both opportunities and obstacles. Dialogue is hampered by the fact that Latin America is divided into at least three different groups. In the 2000s, disappointment and distancing ensued when EU negotiations foundered with one of Latin America's key players, Brazil. The EU has chosen to give priority to countries like Mexico, Chile, Colombia, Peru, and Ecuador, where more open doors have been found, and where talks on Association Agreements have been successful. Integration projects, such as the Pacific Alliance, are currently underway, justifying Europe's renewed interest in the region. However, China's growing influence has led Latin America to turn increasingly to Asia, and tempered its interest in seeking Western partners.

This means two things for future relations, and for how Germany and Europe handle American positions in Latin America:

Firstly, major regional challenges, such as the crisis in Venezuela or the Colombian peace process will remain on the common agenda of the expanded transatlantic partnership, and – despite occasional disagreements – will continue to be addressed jointly because of their urgency and importance.

Secondly, the US's lack of strategic interest in Latin America opens up great potential for Germany and Europe to work with old but “new”

partners. Areas of cooperation are opening up for the expanded transatlantic partnership with Mexican and Colombian stakeholders that have good ties to Washington, and also with the political pragmatists of the Pacific Alliance, and Argentina's President Macri. These include policy areas that are of interest to Germany, such as cooperation on science and technology, energy system transformation, sustainability policy, and economic integration.

Among the group of countries that is closest to the EU, Mexico stands out because of its economic and political importance in the region, as well as its special relationship with the United States. In this respect, Mexico and Europe share economic, political, and strategic interests that could serve as a basis for building a stronger partnership. However, the limited significance apparently attributed to foreign policy by the new Mexican government, the related decreasing international commitment, and the manifesting nationalist tendencies raise the question as to what extent these expectations of a stronger cohesion are being met. Similarly, Europe could use Canada's relations with the United States and, more recently, with Mexico to form a triangle that would counterbalance the US's policy under Trump of rejecting multilateralism in these areas.

–translated from German–

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