

"Does the EU need the right momentum to promote  
regionalism abroad?"

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(Work in progress, please do not cite)

60th Political Studies Association Annual Conference

“Sixty Years of Political Studies: Achievements and Futures”

29 March - 1 April 2010 Edinburgh

## **1. Introduction**

European relations towards Mercosur and other LA regional groups such as the Central American Common Market and the Andean Community are linked to the idea of promoting regional integration following the European example. In the case of Mercosur, the creation of their institutions was helped by European Union (EU) officials transferring their know-how and providing funding to Mercosur. Although the development of Mercosur has not lived up to EU expectations, it has been the region where more hope was placed in following the EU path/example. Moreover, the ambitious plan of creating a European Union-Mercosur free trade area stopped in 2004 due in part to the influence of the existence of the World Trade Organization (WTO).

The right context is necessary for a successful story: The development of Mercosur institutions, and the support for intra-regionalism as a tool to deal with potential protectionism or a lack of support for WTO. Spanish presidency in 2010 could kick off the necessary momentum to reach an agreement with Mercosur, or any of the other LA regional groups for that matter. This paper tries to deal with the factors that affect the relation of the EU and other regional groups in LA and how in the right conditions these relations would improve. This will be done within the conceptual framework of “Europeanization”. The case study is framed within the discussion of the uploading of a national foreign policy at European level. Spain is the country pursuing the uploading of the policy and it uses its presidency to do that.

## **2. Literature review**

The European Union (EU) in its external dimension is the focus of attention for many scholars these days. This is due in part to the development of the EU itself in the 1980s and 1990s what brought a development of its foreign policy. The literature on this policy related to the EU was inexistent until 1995 Hazel Smith (1995) with her book “European Foreign Policy and Central America” is the starting point (and there is not much literature after either), and she was surprised with the lack of articles (only 3) that talked about the EU involvement in that region. The same situation

happens when elucidating the EUFP towards Mercosur. Another issue I came across with the literature is the lack of interviews with officials in order to explain this policy, which leaves a very descriptive and superficial explanation. Finally the last issue in relation to the literature is the boom of articles since 1999 does not mean that scholars look back to the beginning of the story to understand “How did everything start?”. The rest of this section is dedicated to address the literature related to my research question by arguments.

The fostering of regional cooperation abroad by the EU as part of its external policy influenced by the EU’s own model of regional cooperation is one of the reasons given in the literature to explain the EU’s policy towards Mercosur (Karen Smith 2004:70) (Mackeistein 2005) (Vasconcelos 2001). The promotion of European values such a liberal democracies and human rights (Grugel 2004) is present as well in the literature. The promotion of trade liberalisation is another reason given for the EU’s policies in Latin America in general and Mercosur is another example of it (Mackeisntein 2005). There is emphasis on interregional cooperation with different parts of the world and Mercosur is another example of it (Marsh 2005).

The EU’s framework agreements in general *are help to protect and promote EU economic, political, and security interests* (Marsh 2005:62). In relation to Mercosur the protection of EU’s economic interests seem the reason for building links with Latin America in general and with Mercosur in particular (Smith K, 2004:80), (Smith H. 1998), (Mackeistein 2005) (Piening 1997). To the extend that a free trade with Mercosur could be the first step towards a EU-LA free trade area (Piening 1997:134) (Cienfuegos). The EU uses the group-to-group relations in contrast to the US’s policy of emphasising individual states participation (Smith K, 2004:80) (Smith H. 1998) (Grugel 2004). Here there is a suggestion that the EU policy in Latin America is fuelled by the US policy competing both for the Latin American market (Smith K, 2004:80), (Smith H. 1998), (Grugel 2004). Others discuss if a FTA between the EU and Mercosur will help to the integration of the last one in the world economy to finally affirms that it is not the case and that the EU jus see its FTA as a way of

promoting market access for EU firms (Robles 2008)<sup>1</sup> (Cienfuegos 2006). Turning a bit more the axis Mercosur can be seen as a *strategic partner for the EU in building a new multilateralism based upon a more balanced relationship with the United States* (Vasconcelos 2001:146).

Since most of the literature related to EU' external or foreign policies explains the EU's policy towards Mercosur as part of the general policy towards Latin America, there is a detail to be highlighted; Mercosur seems to be the favourite region (in contrast to the Community Andean and the Central America Integration System) for the EU in Latin America and the policy towards this region the most developed one (Vasconcelos 2001; Bizzozero 2001; Cienfuegos 2006) although the reasons given in the literature are economic based only<sup>2</sup>. The interest of the EU in Latin America comes from the potential market for exports from the EU, and for FDI, at the same time it can be strong partner for the EU at international level (Piening 1997:137). In political terms Mercosur countries are new democratic countries with respect for human rights, a condition that is important for the EU in trade terms (Cienfuegos 2006). Some scholars try to explain this specific relationship due to its historical, cultural and mutual interest (Dauster 1996; Bizzozero 2003; Cienfuegos 2006)

Faust tries to explain the EU trade strategy with a *multi-causal research strategy* (2004). He uses the interplay of economic interest groups, political actors and the international context. The main point of his article is the consideration of classification of the EU-Mercosur case as a EU's interregional trade strategy reaching to the conclusion of *“the empirical evidence demonstrates that there is no single variable with sufficient explanatory power to clarify the course of EU-MERCOSUR trade relation”*(Faust 2004:20).

Doctor (2007) follows Faust work of a multi-causal framework analysis – the international, regional/national and societal/sub-national- to explain the process of EU-MERCOSUR inter-regionalism: International context linked to globalization and the end of the Cold War bipolarity, strategic interests of political actors in both

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<sup>1</sup> EU FTA Negotiations with SADC and Mercosur: integration into the world economy or market access for EU firms? Third world Quaterly Vol 29 No 1.

<sup>2</sup> See Vasconcelos 2001

regions and the interests of economic and other societal actors (Doctor 2007:289). He tries to explain the reasons for not finishing the FTA between the two regions specially since 2004. His conceptual framework is based on interregional and it could be argued that to certain extent is close to a complex interdependence approach but from a different point of view that my research question. I am analyzing the actions of the EU, he is analyzing the relationship in itself not taking one side as the main focus.

Finally, I have left for the end the covering of the only one that attempts to develop a conceptual framework based on EU foreign policy discussing its civilian power and the CFSP in relation to Mercosur. Gomes 2004 reaches the conclusion of:” *The definition of European behaviour towards Mercosur as a power bloc is inadequate. Although there was a willingness on the part of European countries to expand the EU’s international presence based on economic power; in practice, with respect to Mercosur, neither instruments of a military nature nor those linked to soft power (as some authors attributed to the Union) were used* “ (Miriam Gomes Saraiva 2004:21)

This section has covered the attempts in explaining EU policy with Mercosur. There is a more extensive literature dedicated to the topic of EU-Mercosur broadly. This part of the literature is not relevant for this therefore I will just mention them. Fernandez (et al 1999) analyses the commercial relations between the EU and Mercosur looking at the exports from the EU towards Mercosur since 1967 to 1995, reaching the conclusion that the dynamic of the early 1990s can be link to the process of liberalization between both regions thanks to EMIFCA. There are descriptions of the difficulties of the negotiations of the FTAA (Bizzozero 2001; Sanahuja 2003; Cienfuegos 2006). Both blocs are compared from an economic-institutional criteria (Bologna 2003), (Martinez 2005); the latter dedicates a whole book to the Institutions of Mercosur comparing them some times with the EU (2005:61). There is literature from the Mercosur point of view as well, Alemany (2004) focuses on the importance of the diplomacy for the EU-Mercosur relationship from the latter point of view and Vasconcelos on the importance of having the EU as an example of integration for Mercosur (Sanchez Bajo 1999; Vasconcelos 2001; Aimee 2002).

Since most of the literature is descriptive and there are only few attempts in explaining the reasons behind the EU’s policy there is a gap that should be cover to

understand another area of the big picture of EU Foreign Policy. My research question attempts to collaborate to the debate of the nature and objectives of the EUFP. And the case study –Mercosur- will provide the empirical data for my argument.

### 3. Conceptual framework

Europeanization is based on the idea that Europeanization broadly speaking is related to the influence *of or in* the European Union institutions. As a consequence of this “influence” the EU institutions up-load a national idea/policy and “institutionalize” to the point that it becomes a European policy and the other EU states will take it on board. Or the other way around, this influence affects countries since EU institutions develop an idea/policy and it is downloaded by the member states which provokes that an idea/policy in the whole EU is done in the same way. EU institutions in both ways provide the framework in which a policy is taken up or downloaded. EU institutions “matter” in the way this policy is taken up or downloaded. EU institutions are the independent variable in the explanation of the development of the policy; the EU institutions help to explain why the policy is created the way it is either at national level when downloading or at EU level when uploading. And finally, EU institutions matter within a historical context, since it is necessary a historical event to kick off a policy or a path dependency. This historical event does not need to be something unthinkable or totally no-expectable but a critical juncture, where sometimes being at the right time at the right place is part of the explanation. In other words, if it did not happen at that time and in that order the outcome would have been different. Key in this discussion is the understanding of time, timing and tempo. Radaelli (2003) borrows from Goetz (2001) who borrows from Schmitter and Santiso (1998). Time refers to when a decision is made, timing to the sequencing of decisions, and tempo to the speed (Radaelli 2003:48). Coming back to the concept of Europeanization the idea of up-loading and downloading policies is better identified as a Bottom-up and Top-Down perspectives.

A definition of Europeanization is used depending on the perspective of the research which mainly are from a Bottom-up or Top-down perspective. For my argument I use the bottom-up analysis. Reuben Wong (2005) explanation of the five schools of thought on Europeanization, National Adaptation, National Projection, Identity

Reconstruction, Modernisation and Policy Isophormis brings a lot of clarity to the understanding of this concept. Of the five schools, only one considers the Bottom-up perspective -National projection where the related processes are Policy projection, Policy learning and Policy transfer.

#### 4. Overview of EU-Mercosur relations.

The European Union and Mercosur started to collaborate from the very beginning of the creation of Mercosur. The 2<sup>nd</sup> of May 1992 in Portugal, the second meetings between the Ministers of Foreign Affairs of the European Community and the four Mercosur countries signed an agreement for the transfer of technical knowledge of the European Community to Mercosur in the areas of customs regimes, phytosanitaries rules and standardization of goods as well as the debate of the content of a possible inter-institutional agreement for technical assistance to exchange information and formation between the European Commission and Mercosur Council (Irela 1993:18). At the end of that month (29<sup>th</sup> of May) the EU and Mercosur signed an inter-institutional framework agreement that defines four areas of cooperation: technical assistance, exchange of information, formation and institutional support (Irela 1994:6). This was signed during the second institutionalized ministerial conference between the European Community and Rio Group (Irela 1993). The Joint Consultative Committee that is reunited twice a year with represents of the Commission and the Common Market Group on the Mercosur side started their meetings the 3<sup>rd</sup> of July with three sectors where there is priority: cooperation, technical norms and customs (Irela 1994:6). At political level, the bi-regional dialogue is made through the regular meetings of the Joint Consultative Committee within the framework of the Institutionalized ministerial conferences between the EU and Rio Group celebrated annually (Irela 1994:6)

The 19<sup>th</sup> of October 1994 Manuel Marin announced that the EU could sign proximately an economic and commercial interregional framework agreement (Irela 1994:1). The Communication from the Commission to the Council and the European Parliament (COM (94) 428 final) explained the guidelines for the future of the EU-Mercosur relationship; First it remembers the conclusions of the Corfu European Council of 24<sup>th</sup> and 25<sup>th</sup> of June during the Greek presidency in which it was

reaffirmed the importance of the relations with Latin American countries and their regional groupings. Second, it explains that the conclusions of Corfu “were foreshadowed by a statement issued by the Council at its general affairs meeting of 13 and 14 June, in which it expressed its willingness to strengthen relations between the European Union and such important Latin American regional groupings. The Council has also taken note, on this occasion, of the progress of the Commission’s work on the matter and said that it would examine a Commission communication in the autumn”.

The Commission document clarifies as well that month before “the foreign ministers of the European Union, at a meeting with either Mercosur counterparts in Sao Paulo, had agreed to strengthen cooperation in pursuit of more ambitious goals. To that end, the Commission had been instructed to present a report to the Council soon”.

This Commission Communication therefore responds to the requests of the European Council and the Council of Ministers, and is divided in four areas: the strategic aspects of EC-Mercosur relations; the assessment of Mercosur’s relations; a proposal for a long-term strategy; and a recommendation as to the short-term approach needed to establish a framework for relations conducive to the achievement of the long-term objective. Irela considers surprising this offer by the Commission. This offer was linked to two requisites the introduction of an external common arancel and the existence of a common interlocutor to negotiate with a group and not at individual level (Irela 1994).

It did not take long until both sides made a solemn declaration on their intentions to create an interregional political and economic association in Brussels on the 2<sup>nd</sup> of December 1994; signed by the European Commission, the Council of the European Union and Mercosur countries. And four months later the Ministers of Foreign Affairs of the 15 EU member states started the directive of negotiation to the EU-Mercosur agreement which must bring a customs union between both regions by 2001 (El Pais 11/4/1995). The Joint Declaration on political dialogue between the European Union and Mercosur on the 15<sup>th</sup> of December 1995 appeared on the Official Journal (Official Journal L 069, 19/03/1996). The Joint Press release issued on the occasion of the signing of the Interregional Framework Cooperation Agreement between the

European Community and its Members States, of the one part, and the Southern Common Market and its Party States, of the other part.

The official document is a broad and undefined as the documents between both regions. Interesting at the moment of the signature they jointly declared that until the enter in force of the agreement both parties are willing to collaborate in the area of commercial cooperation and in the institutional framework related to this cooperation.

At the moment of the signature, there was a declaration in relation to the juridical personality of Mercosur. It explains that this agreement will start when the Ouro Preto Protocol enter into force since it is the moment in which Mercosur achieve international juridical personality.

In relation to the Parliament the support for the project was expressed in the different resolutions. The most interesting point probably are in reference to what it seems to be part of the strategy. It ask the Commission and the Council to add an opt-out that admits the association of Chile and Bolivia to Mercosur having in mind that since 1990 the institutional political dialogue from 1990 between the EU and members of Mercosur is a regional level in the framework of ministerial conferences between the Rio Group and the EU that are celebrated every year. As well, this resolution invites to Mercosur to the adhesion in the near future of a plurilateral agreement of the World Trade Organization in relation to buying of the Public Sector and in this context, it considers than the reciprocate opening of the public markets including - telecommunications- it should constitute on the essential elements of the future agreement between the EU and Mercosur. As well it warns Mercosur that the margin of manoeuvre existing to offer additional concessions over the compromise of minimum access assumed in the Uruguay Round in relation to agricultural products is very limited since Mercosur already improved positively its access to international markets with the mentioned Round. In relation to the same Organization the EP sees the EU-Mercosur agreement as an option to agree on strategies in that and other forums of other international organizations.

## 5. EU-Mercosur negotiations.

In 1995 the EU and Mercosur signed the European Mercosur Interregional Framework Agreement. This was ratified finally by both regions in 1999. Negotiations started unofficially in some areas straightaway and officially since 2001 due to the limitations of the negotiations mandate. The agreement involved three parts Cooperation, Political dialogue and trade and it was a single undertake which meant that nothing was agreed until everything was agreed. In other words the agreement had to be done in the three areas or there would be not agreement. The negotiations carried on until October 2004. The deadline set up buy both regions the previous year. There was not agreement at that point and since then the hopes of reaching one are at their lowest level.

In relation to the cooperation part of the agreement, the understanding was really good and they managed to finish them by the deadline. The main point was cooperation in the development of EU institutions, something that the EU emphasis. Table 1 and 2 shows the amount given by the EU for regional integration. The EU provided their expertise knowledge as well.

**Table 1. Community co-operation with Mercosur 1992-2000.**

Projects under the 1992 ICA under the IFCA	EU contribution Euros	Area	
		<b>Institutions</b>	
Macro-economic Policy-coordination	2.500.000	Customs cooperation	
Statistics	4.135.000	Statistics	
Standards	3.950.000	Technical Standards	
SAM (I)	900.000	Mercosur's bodies	
SAM (I)	900.000		
Joint Parliamentary Commission	917.175		
Customs	700.000	Support to single market and macro-economic co-ordination	
Customs	5.300.000		
Support to the Single Market	4.600.000		

		<b>Civil society</b>	
Labour and Social Dimension	950.000	Social dimension of Mercosur	
Mercosur Agricola	11.200.000	<b>Others</b>	

Source: European Commission External relations Directorate Latin America Regional Strategy Paper 2002-2006

**Table 2. Community co-operation with Mercosur 2000-2012**

	2000-2006	2007-2012
Institutional matters: Stronger institutions for Mercosur	EUR 12.500.000	
Internal market: Making Mercosur's economic and trade schemes more dynamic and integrated	EUR 21.000.000	
Civil society; Support for civil society in Mercosur	EUR 14.500.000	
Remainder from 2002-2006:		
Education		EUR 3.000.000
Information society		EUR 7.000.000
Support for the Mercosur Secretariat		EUR 1.000.000
Support fro the Mercosur Parliament		EUR 2.000.000
Support for the Mercosur Permanent Review Tribunal		EUR 1.000.000
Support for the Deepening of Mercosur and implementation of the future EU-Mercosur Association Agreement		EUR 27.000.000
Strengthening of Mercosur's cinematographic and audiovisual sector		EUR 2.000.000
EU-Mercosur study centres, enhanced intra-Mercosur education cooperation		EUR 7.000.000

Source: European Commission (2002; 20007

In relation to the Political dialogue, the understanding was again quite good, and they were very close to the point of reaching an agreement by the deadline. The amount of funding given to Mercosur nevertheless is not comparable to the one with Mercosur. It seems that the EU does not have the same interest in LA than in other regions. This is something that has been claim in several occasions. LA is not a neighbour such as the countries within the PHARE programm, they were not involve in the Cold War to the same level than the countries part of the TACIS program. They are not part of the long terms conflictive countries such as the one part of the MEDA program where some of them have around 80% of the oil production, and some of them are link to International security issues and most of them are not that far from the EU geographically speaking. In relation to the economic part Mercosur is not as poor as the ACP countries but not economically competitive in other areas than agriculture as ASEAN. So the EU did not have an “obvious” interest in LA in general and Mercosur in particular which it could explain the lack of real interest in LA and why the negotiations stopped for nothing else than trade issues.

In relation to trade, the EU did not reach an agreement with Mercosur due to the disagreement in the agriculture area. But there are two other issues to have in mind. The fact that the Free Trade Area of Americas was going not were and the lack of success of the Doha Round. These is important because in the first case, Mercosur was negotiating the FTAA with the US similar issues than with the EU the lowering of tariffs in many areas including agricultural products. A good agreement within the FTAA would affect negatively the EU as it happen when Mexico joined NAFTA.

In the case of the WTO the game is similar. There were two options: Negotiate the agriculture issues between the EU and Mercosur so Mercosur would have a better access to the EU market in the agriculture sector but letting the EU take advantage of having access to the industrial and service sector. Or deal with that in the WTO where in case of getting the so-after lowering of tariffs of the agricultural products in the EU with a possible reform of the CAP not having to take the tariffs of the industrial and service sector. But as an official from the Commission Directorate General of Agriculture put it, in that case other countries such as Australia with very competitive products would have access a better access to the EU market. In the last minute,

Mercosur went for the second option, and decided to wait to see what happened in the WTO.

## 6. Right scenario

The lack of a final agreement in the negotiations due to trade issues was linked to the possibility of a successful story in the World Trade Negotiations. It seems that Argentina in the last minute decided to wait to see the outcome in the WTO. The negotiating mandate given to the Commission by the Council was linked itself to the WTO negotiations. The idea behind this was to avoid offering in two different arenas but to the same recipients a better access to the EU market. The existence of the WTO affects the chances of the EU in achieving a trade agreement with a regional group, especially if they see themselves in a stronger position in the WTO to achieve the desirable outcome. On the other hand the lack of hope in a successful end of the WTO negotiations favours the possibilities of the EU in achieving an agreement outside the WTO. The EU market is getting bigger and more important due to the size and the wealth of the residents in it.

The second external factor that affects the possibilities of the EU in being successful at inter-regional level is the development of the other regional group. The EU is by far the most integrated existent regional group, and without expecting the same level of integration a certain degree is necessary. For example in relation to the compliance of the external and internal common tariffs agreed by the regional group; this was exposed by the EU as a problem for the continuous of the negotiations. The three regional groups in Latin America with some kind of dialogue with the EU are the already discussed Mercosur, the Andean Group and the Central America Common Market. Of the three of them, Mercosur was the priority for an interregional agreement due to economic and political reasons. But since the negotiations with Mercosur are in a deadlock, and the agreement with the Andean Group is based on individual trade agreement with the countries due to the lack of economic integration but at political level the dialogue is from group to group. The case of the Central American Common Market is really interesting since it involved the smallest and less economically developed countries in Latin America and it could be the first one achieving inter-regionalism with the EU. This depends on the internal factors.

The main internal factor to have in mind is the country that is holding the presidency at this moment. Spanish presidencies have been used to develop extensively the relations with Latin America. This is due to many reasons, but having in mind the lack of interest in other countries in Latin America the interest of Spain and the use of its presidency is key. Latin America trade with the EU is not large in relative terms for the EU as table 1 shows below.

**Table 3.1.: EU<sup>3</sup> trade with Mercosur countries: (values in Millions of US \$)**

	<b>1980</b>	<i>1981<sup>4</sup></i>	<b>1982</b>	<b>1983</b>	<b>1984</b>	<b>1985</b>	<i>1986<sup>5</sup></i>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>
<b>EU Exp to Arg</b>	2 495.2	2 525.7	1 492.8	2 193.2	1 932.6	1 551.3	<i>1 707.2</i>	1 757.1	1 311.3	1 161.2	1 234.9
<b>EU Imp to Arg</b>	2 017.9	<i>2 073.9</i>	2 152.7	2 345.8	3 206.5	3 282.1	<i>2 309.1</i>	1 888.6	2 623.9	2 787.0	3 472.1
<b>EU Exp to Braz</b>	2 703.6	2 655.6	2 639.3	2 254.4	2 977.8	2 679.9	<i>3 503.1</i>	3 353.8	3 121.6	3 841.0	3 635.5
<b>EU Imp to Braz</b>	4 777.8	<i>5 740.7</i>	6 593.7	7 641.2	9 546.6	10 473.3	<i>7 371.3</i>	7 273.5	9 329.5	10 445.6	9 196.3
<b>EU Exp to Par<sup>6</sup></b>						92	<i>171</i>	181	160	130	223
<b>EU Imp to Par</b>	195.7	<i>127.8</i>	196.4	336.7	323.1	319.9	<i>167.7</i>	252.0	366.5	426.7	445.4
<b>EU Exp to Uru</b>	262.6	264.8	186.6	148.3	198.8	190.5	<i>216.3</i>	234.6	214.5	252.0	232.9
<b>EU Imp to Uru</b>	205.5	<i>333.5</i>	309.0	263.3	284.8	249.3	<i>299.6</i>	367.7	883.7	658.6	567.2
<b>Total EU Exp. To Mercosur countries</b>	5461.4	<i>5446.1</i>	4318.7	4595.9	5109.2	4513.7	<i>5597.6</i>	5526.5	4807.4	5384.2	5326.3
<b>EU exp. World</b>	753 835	<i>697 195</i>	670490	654 260	673 050	708 810	<i>871 875</i>	1 050 355	1 166 000	1 243 625	1 508 795
<b>% of EU Exp to Mercosur</b>	<b>0.72%</b>	<i>0.78%</i>	<b>0.64%</b>	<b>0.70%</b>	<b>0.75%</b>	<b>0.63%</b>	<i>0.64%</i>	<b>0.52%</b>	<b>0.41%</b>	<b>0.43%</b>	<b>0.35%</b>
<b>Total EU</b>	7196.9	<i>87275.9</i>	9251.8	10587	13361	14324.6	<i>10147.7</i>	9781.8	13203.6	14317.9	13681

<sup>3</sup> EU 15

<sup>4</sup> Greece joined the EU.

<sup>5</sup> Spain and Portugal joined the EU.

<sup>6</sup> Lacking data.

<b>Imp. To Mercosur countries</b>												
<b>EU-World Imp.</b>	847 000	<i>754 545</i>	717 955	686 340	696 030	723 545	<i>855 570</i>	1 049 980	1184730	1 280 750	1 558 035	
<b>% of EU Imp to Mercosur</b>	<b>0.84%</b>	<i>1.15%</i>	<b>1.28%</b>	<b>1.54%</b>	<b>1.91%</b>	<b>1.97%</b>	<i>1.18%</i>	<b>0.93%</b>	<b>1.11%</b>	<b>1.11%</b>	<b>0.87%</b>	

Sources: IRELA, WTO, Eurostat elaborated by the author.

Latin America is geographically far from the EU and traditionally under the influence of the US. It is not a region with security issues such as the Middle East, and although most of them went through a transition to democracy in the 1980s and early 1990s, this process is not as significant like the ones in Eastern European countries.

This lack of attractiveness for the EU is a good and a bad thing for the development of inter-regionalism. And this is the internal factor. In a situation where security issues are involved such as in Iran or even with Russia the EU tends not to agree on what to do and due to the veto power, it is difficult to achieve a significant outcome. When big economic issues are part of the policy again is difficult to achieve a successful outcome due to the pressure of some states and even groups of lobbies, for example farmers in any agreement related to agricultural issues. EU's lack of like or dislike in an area as Latin America joined to the large interest of Spain is an internal factor that should not be underestimated.

The Spanish presidency of 2010 is holding a summit in May with the Head of States of the Caribbean and Latin American countries and a successful outcome is possible.

## 6. Conclusion

European relations towards Mercosur and other LA regional groups such as the Central American Common Market and the Andean Community are linked to the idea of promoting regional integration following the European example. In the case of Mercosur, the creation of their institutions was helped by European Union (EU) officials transferring their know-how and providing funding to Mercosur. Although the development of Mercosur has not lived up to EU expectation, it has been the region where more hope was placed in following the EU path/example. Moreover, the ambitious plan of creating a European Union-Mercosur free trade area stopped in 2004 due in part to the influence of the existence of the World Trade Organization (WTO).

The right context is necessary for a successful story: The development of Mercosur institutions, and the support for intra-regionalism as a tool to deal with potential protectionism or a lack of support for WTO. Spanish presidency in 2010 could kick off the necessary momentum to reach an agreement with Mercosur, or any of the

other LA regional groups for that matter. May's summit is key for a successful story in the EU-LA groups relations, since the momentum has been created and it seems that it will take sometime until a similar scenario happens again.

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