

# Competing Latin American Regionalisms in a Changing World

Sebastian Santander

## Introduction

Collective ambitions in Latin America (LA) go hand in hand with the processes of independence and the creation of states. Since the nineteenth century, the continent has experienced wave after wave of different types of regionalism: the 'continental' joint project, 'introverted' regional associations and 'open' regionalism. LA's 'liberal' turn has given rise to a new wave of regional projects. Described by some as post-liberal, these projects have also seen changes. Shared ambitions have therefore continued to be at the heart of the political debate of LA decision-makers. Nonetheless, while LA regionalism is a constant over time, it is still a work-in-progress. Its nature keeps evolving, based on changes in the domestic and international political context. As a political phenomenon, regionalism covers a dynamic and shifting reality. This reality can move forward, slow down or move backwards, as this comparative analysis of LA regional organisations (ROs) shows. These changes can also be the result of competition between these projects.

We will also see that, while regionalisms are the result of a political will of their own, they can also be fashioned by external actors' strategies. The US's penchant for bilateralism and the EU's role as an active promoter of international regionalism all affect these collective LA projects. Thus, this chapter does not just aim to study regionalism in a comparative way but also to situate it in its links with international relations (IR).

The chapter is structured in three parts. The first aims to study the structural nature of regionalism in LA. To do so, a comparative analysis of the different regional initiatives is suggested, plus a look at the impact from outside factors and actors. This approach will also allow us to bring out the similarities and differences between the different waves of regionalism, to understand what has been achieved and the lessons learnt from old projects in order to better grasp the specificity and nature of current regional initiatives. Our last point will focus on the implications of LA and global geopolitical changes for the new regionalism in LA.

Since the end of the Cold War, the world has experienced a proliferation of ROs, without precedent in the history of IR. The development of regional structures has taken on fresh importance in the absence of satisfactory global structures. This post-bipolar regional repositioning can be explained, in particular, by countries' wish to have a way of organising IR. The regional phenomenon was first presented as an interstate construction (Gamble and Payne, 1996). In other words, it is about politically structured sub-continental groups open to parallel action and therefore to the political will of the countries of which they are made up. However, while they are driven by independent state actors, regional groups can also include companies, trade unions, non-governmental organisations, infra-state bodies or even international organisations as actors. Regionalism thereby becomes a 'space for action' for a whole series of actors (Hettne, 1994; Smouts, 1997). Yet regionalism does not develop uniformly and each regional group evolves according to a context that is particular to it and according to a specific history (Sanander, 2008; Warleigh-Lack, 2008), even if it is not completely impervious to the effects produced by the changing nature of the global political and economic context. Regionalism needs to be considered in the plural sense (Marchand, Boës and Shaw, 1999), because there are many forms and kinds of RO, as the LA continent shows. Indeed, LA undoubtedly continues to be one of the most creative and prolific continents on the planet in terms of projects for regional cooperation between neighbouring countries. The continent regularly sees new regional projects come into being. In the period just after the Cold War alone, there were more than a dozen organisations. The best-known are the Latin American Integration Association (ALADI), the Andean Community (CAN), the Common Market of the South (Mercosur), the Union of South American Nations (Unasur), the Bolivarian Alliance for the Peoples of Our America (ALBA) and the Community of LA and Caribbean States (CELAC). At the time of writing, the Pacific Alliance, officially set up in 2012 by Chile, Colombia, Mexico and Peru, is the latest regional initiative to have emerged from LA's highly fertile institutional imagination.

Although the first formal ROs in LA were created after the Second World War as European integration was being launched, LA has long been interested in the regional phenomenon. The idea of an area of solidarity and regional cooperation, even of a 'regional conscience', precedes in LA – as elsewhere – the formal realisation of regional unions based on the force of law and institutions (Fawcett, 1995). This idea of regional integration precedes the period of independence and emergence of nation states. Numerous attempts have been made to make good on this idea, of which the most well-known is that undertaken by the *libertador* Simon Bolívar. Although these first initiatives amounted to still-born projects,<sup>1</sup> because they could not overcome emerging idiosyncrasies, they have helped to feed, down the centuries, the ambition of a '*Patria Grande*', that is, a project for the political union of the LA continent.

From this period on, the ideal of regional cooperation has been inextricably linked with the very identity of LA, even if the intensity of aspirations has often varied over time. In the history of LA, there were to be perhaps more appropriate than others for the development of regionalism. Thus the failure of collective Bolivarian initiatives plunged LA regionalism into a prolonged period of inactivity. However, it would then re-emerge in the post-war period (think in particular to the very active role played by the United Nations Economic Commission for Latin America and the Caribbean (ECLA/C). Twenty-five years later, regional integration projects have been pushed into the background, when, for some, the rise of a new era of IR in LA 'marked by power politics and the politics of realism during which the myth of regional unity was to be replaced with a game of rivalries between regional powers' (Mace, 1988: 426). Yet since the end of the Cold War, the collective path has forced its way back onto the political agenda of LA states (Mercosur, CAN, the Central American Integration System (SICA)). This new wave has however already experienced changes and given birth to other regional configurations (ALBA, the Pacific Alliance). LA regionalism, just as with other regional groupings in the world, is very unstable as it is shrouded in a political phenomenon. It can make progress but also slow down, go back and even experience failure (Chenou, 2013). Nevertheless, whatever the historical social or economic conditions, collective ambitions continue to be at the heart of the political debate of LA decision-makers. In other words, regionalism seems to be a phenomenon that is 'resilient' in the face of crises (Sberro, 2004; Haggard and Tussie, 2012).

So regionalism seems to be a long-term trend in LA and even a vector for shaping IR that are deployed in the LA sphere. That said, the nature of the regionalism varies over time and is based on the local and global historical context. Thus, Bolivarian projects for regional union are part of the continent's decolonisation and go hand in hand with the birth of the state in LA. The objectives assigned to them aim to avoid the political dissipation of the continent and to thwart the external threats and covetousness that the process of 'unification' of Hispanic America generated towards the Spanish crown (De La Rúa, 2001). While the essence of these projects is intrinsically linked to considerations of *high politics* (peace, stability and security), post-war regionalism bears a strong economic imprint. The renewed interest in collective ideals during the 1960s to the 1970s stemmed from LA states' inability to influence the shaping of the post-war liberal international economic order, from the damaging economic effects of the launching of European integration and its protectionist policies following the signature of the Treaty of Rome in 1957 as well as their tiny national markets (Deblock and Brunelle, 1998). The regional groupings emerged at this time as a collective response to LA aspirations for an industrial and autonomous capitalism that would be sheltered from international competition. As distinct from the post-war regional projects notable for their introversion, those projects labelled as 'open' and which emerged in the post-Cold War period were driven either by the desire to incorporate LA into the global economy.

## 2 The new Latin American regionalism

### 2.1 *The endogenous dynamic of a multidimensional phenomenon*

This institutionalisation owes much to global trends and the pressure of external factors, as was the case for regional experiments after the war. Fears of the crystallisation of a tri-polar system of trade (EC/US/Japan) and the international marginalisation of LA following the debt crisis of the 1980s, not to mention the relaunch of European integration (finalisation of the common market and launch of the monetary union project) and the conversion of the US to economic regionalism (North American Free Trade Agreement, Asia Pacific Economic Cooperation, Enterprise for the Americas Initiative, project for a Free Trade Area of the Americas), prompted LA's strong return to regionalism ('domino effect'). Regional projects that had fallen by the wayside in the 1970s were relaunched in the image of Central American and Andean regionalisms that offered new institutional frameworks. The former turned over a new leaf by creating SICA, which, from 1993, promoted economic, social, environmental and political cooperation between its members<sup>2</sup> (Bulmer-Thomas, 1998). As for the Andean Pact, this has been relaunched following the adoption of a series of protocols. It changed its name to become the Andean Community in 1997 and has new institutions as well as an expanded mandate. Political and social objectives to be put in place via 'external' economic actions based on common interests, scientific, technological, touristic and social development programmes as well as actions in terms of sustainable development and cross-border integration have been added to the initial objectives (Nicholls et al., 2001: 154–6). As regards new regional projects that have been created, Mercosur,<sup>4</sup> set up after the signing of the Treaty of Asunción (1991), emerged as the most emblematic. That is because it brought together Argentina and Brazil, two countries whose bilateral relations were up until then characterised by mistrust, rivalry and hostility, and who also constituted the third biggest economy and LA's biggest economy. This unprecedented regional grouping was supported by an institutional framework that has been gradually reinforced, notably following the adoption of the protocols of Ouro Preto (1994), Olivos (2002) and Constitutive (2005), which respectively gave Mercosur a legal personality for the purposes of international law, a permanent court to resolve disputes and a parliament (Parlasur). The states tasked Mercosur with creating a free trade area (FTA) and a customs union. Until then, trade relations between these countries did not even manage to incorporate products for which they had comparative advantages, not going beyond 5 per cent of their total external trade (Ferrer, 1996). With Mercosur, intraregional trade grew quickly in the 1990s. Thus, Brazil became Argentina's first trade partner and Argentina became Brazil's second trade partner after the US, whilst Mercosur emerged as the primary trade outlet for Paraguay and Uruguay (Schwarzer, 1999). The bloc was to be so dynamic that annual growth in trade flows have been estimated at 20 per cent since 1991 and achieved a rise of over 500 per cent during the 1990s (Iltamaraty, 2013).

Besides trade, other areas have since been added to the regional agenda, ranging from environmental protection to education as well as social and cultural issues (Bourzas and Fanelli, 2002). Inspired by the EU's progress, Mercosur equipped itself, in 2005, with a 100 million dollar per year structural convergence fund (FOCEM), aimed at reducing disparities between the bloc's regional entities and local authorities. Mercosur is also engaged in a process of bringing in other countries. The group saw its first enlargement when Venezuela became a member in 2012.

LA regionalism is known for its wide range of projects, it does however have a common basis. Firstly this new form of regionalism is multidimensional, since the cooperation mechanisms concern many sectors, ranging from trade to transport via tourism, energy, defence and the environment. It also sees itself in a mission to safeguard the democratic regimes that emerged starting in the second half of the 1980s. This was a new element, because the old regional agreements that had been most in evidence on the continent during the Cold War slipped away, from taking a view on the nature that the political regime of countries engaged in a regional experiment should take. We could even see here the will to recognise and respect the plurality of political regimes (Vacchino, 1992).

New regional initiatives incorporated democratic clauses which set conditions on the accession to and on-going membership of a state in the organisation. While domestically these shared projects are vaunted by states as being the means to consolidate democracy and economic development, externally they are presented as a way to 'connect' LA to the external world. As distinct from previous regional experiments, post-bipolar regionalism should no longer represent an alternative to the process of the global integration of LA economies. This difference should be compared to the radical transformation that the economic development model and the LA state experienced starting in the second half of the 1980s. This return moves away from developmentalist thinking (industrialisation policies through the substitution of imports and refocusing on the internal market under the protection and promoted by the state) and takes market mechanisms as the point of departure. Starting with neoliberal precepts of the 'Washington consensus' (economic and trade liberalisation, privatisation, deregulation, monetarist policies, reducing the state's role, consolidation of private initiative), CEPAL, as a traditional theoretical and ideological source of regional cooperation in LA, is a reflection of the retreat of regional economic experiences. It proposes 'open regionalism' (CEPAL, 1999) in line with neoliberal globalisation. Regionalism then appears in the eyes of LA states as a way to ensure that the liberal orthodoxy of economic policies is kept. Public authorities see this orthodoxy as essential to attract private investment, to which a central role in the economic development process is allocated. From the perspective of the theory of the new international political economy, the new LA regionalism is to be considered as a framework which, domestically, they still have legitimising and setting in stone national monetary/liberal policies. At the same time, from an external perspective, this regionalism is for national economies not a break; rather it is a vector for integrating them into the globalisation process in a

competitive sense. It is also doing so despite the fact that some countries want to protect one or other strategic sectors.

2.2 *The EU and the role of external actors in the construction of regionalism in LA*

Regionalism is above all a political project, owing its momentum to the will of the decision-making actors that inhabit it. However, the factors and strategies of external actors can also have a non-negligible impact on the construction of international regionalism. Thus, the interregional phenomenon and more particularly the regional group-to-group strategy deployed by the EU have centripetal effects on regional groupings (Santander, 2005). The EU, which is looking for external visibility and seeks to represent itself more as a political union for its external partners and to reinforce its legitimacy as an international actor in the making, has actively supported the development of the new regionalism. This strategy aims to model non-EU regional groupings in its image and to spread the European vision of global governance organised around regional groupings. To legitimise this approach among its interlocutors, the EU is developing an EU discourse that exalts the 'success' and ' sui generis ' nature of European integration and presents itself as a 'natural defender' of regional initiatives (EC, 1995). The Union aims to be a point of reference for other regional groupings. It also vaunts 'an unequalled comparative advantage' that it claims to have in terms of integration.

Given the growing number of ROs, LA is becoming an interesting and key large for the EU in terms of its strategy to promote its model of regional integration and governance. LA regionalism was able to benefit from technical, logistical, financial, institutional and even political assistance. In addition, knowledge about European integration has been transferred through training sessions for local institutional staff via classes, seminars, conferences and internships within the European institutions. The EU has also encouraged the development of supranationality and the setting up of new institutional bodies in LA, such as permanent courts of justice, regional parliaments or bodies similar to the European Commission or the Economic and Social Committee.

Interinstitutional links were then created between the European institutions and their LA counterparts to promote a degree of imitation. The Union also encouraged the development of intraregional trade in Andean, Central and Southern America and supported the adoption of joint strategies, such as putting in place a common external tariff, a single market and the harmonisation of economic and monetary policies. European action went as far as to exert pressure so that shared strategies were adopted and maintained by the regional groupings of LA. This can be seen in Mercosur: by linking the launch of and progress in trade negotiations between the EU and Mercosur, Europe managed to ensure that the South American bloc made concrete and maintained its legal personality in terms of international law which enjoined its member states (MS) to express themselves with a single voice in the context of external trade negotiations (Santander, 2008).

Although European assistance in the building of LA regionalism has had a slight effect in encouraging imitation, it has played a role as an 'external federal' (state-to-state) relations in order to avoid a situation in which autonomous regional groupings formed on the continent, Brussels will have contributed to a certain extent to inject new life into, to stabilise and/or consolidate LA regionalism. While the US's actions sometimes destabilise LA regional projects, the EU's actions have proved to be important for the development and maintenance of regional cooperation in LA, particularly in periods of uncertainty (Santander, 2005). European support has partly contributed to safeguarding the cohesion of some regional projects on the continent. Yet the negotiations, which are aimed at establishing an association agreement between the EU and the LA regional projects, have been an incentive for the members of Mercosur, CAN and Central America to coordinate their positions and act together in external trade negotiations.

1 (b) **Obstacles and limits to the post-cold war LA regionalism**

1.1 *The 'capability expectations gap' of LA regionalism*

In LA, official discourse brings regionalism together with integration. In theory, integration means a gradual transfer of certain state powers to regional administrative bodies, whereas cooperation is a more flexible and less ambitious process, as its aim is only to bring closer together and harmonise policies carried out by states whilst respecting their individual sovereignties (Quenemoine, 1996). By this definition, regionalism in LA can only be seen as a cooperation phenomenon. LA regional projects do suffer from limits, weaknesses and fragilities. These shortcomings cannot be hidden by the LA decision-makers' forceful rhetoric and continual declarations of intention about regional integration, or by the frequent creation of ROs. The great majority of regional groupings on the continent suffer from the 'capability expectations gap' s. Numerous treaties and protocols are regularly signed where commitments are made to create a FTA, customs unions, common markets or the harmonisation of monetary policies. Yet these different collective projects are still a work-in-progress several years after the official date after their entry into force. The same goes for some collective institutions (like permanent bodies for the solution of disputes or regional parliaments), created to give regional projects more efficiency and/or democratic legitimacy, which have since proved of little or no use. Take the example of Mercosur, which still has an incomplete FTA and an imperfect customs union because of the many exemptions that aim to protect sensitive sectors for MS, such as the sugar or automobile sectors. Its parliament (Parlasur), legally established in 2005, is still yet to be fully activated (Magalhães, 2013) and its court, set up in 2005, is still not in a position to resolve disputes that affect Mercosur, as is shown by the case between Inno-

Aires and Montevideo concerning the installation of a cellulose production factory on Uruguayan territory and on the bi-national waters of the Uruguay river.

In reality, LA's regional projects are based on an inter-state form of institutional framework. Only the Central and Andean Americas have sought to move beyond intergovernmentalism. In the 1960s and 1970s, the Andean Pact created an institutional framework of a supranational nature, with its own budget and decision-making by a two-thirds majority. However, its relaunch after the Cold War did not enable it to reactivate and to make its supranationality work effectively (Molana Cruz, 2012). The same goes for the STCA. In reality, common positions continue to be at the mercy of national interests in these ROs as well as in Mercosur. Regional projects suffer from institutional shortcomings that hamper their ability to deal effectively with contentious issues relating to the formal and informal processes of regionalisation (Phillips and Prieto, 2011). As distinct from European regionalism, which establishes respect for community law as the first rule of integration, the MS of different ROs in LA feel free to sidestep common rules, particularly when times are hard.

Given this context, further deepening of regional projects is proving difficult to achieve. This situation is not helped by the fact that, as distinct from European integration, the relationship and hierarchy between community rules and the domestic law rules of MS from LA groupings is not clearly set out. Furthermore, although legal norms have to be 'internalised' or, to use European jargon 'transposed', into national laws, regional legal systems generally lack mechanisms of direct applicability. This slows the process down considerably. LA states therefore have the greatest difficulty in transposing community law into domestic law.<sup>6</sup> These various difficulties can no doubt be explained by the states' unwillingness to form groupings of communities with binding laws for the states. Given that national authorities give themselves considerable freedom of action to take unilateral measures (setting up trade barriers, sudden withdrawal from a customs union, competitive devaluation that has not been agreed) without being investigated for doing so, collective projects often find themselves at the mercy of bitter intraregional economic, trade or political disagreements. This situation sometimes leads countries to question the merits of the regional organisation that they belong to. Most of the time, these conflicts are resolved – not without leaving behind scars – at the highest political level, that is, through the active intervention of the MS' presidents. This can politicise even minor intraregional controversies. Regionalism is thus notable for its intergovernmentalism and presidentialism. Yet presidentialism too can prove problematic. When disputes are not resolved, they can lead to defections. Some states leave an organisation to join another. This happened with Venezuela: after 35 years of CAN membership, it pulled out and joined Mercosur. Unresolved disputes can also encourage some states from the same regional organisation to join up with countries outside this grouping, so as to create a new regional bloc. That happened with Colombia and Peru, which joined up with Chile and Mexico to create the Pacific Alliance (PA).

### 1.2 Ideological convergences, regional divergences

These last few years have seen political change in LA. In the 2000s, the outbreak saw many governments of a progressive persuasion come to power. This transformation of the political landscape came about against the backdrop of a socio-economic crisis and a political representation crisis. There have been as many left-wingers as there have been governments. However, the presence of political alternation have given rise, to different degrees, to a new legitimacy for the state in economic affairs, as well as renewed interest in the national market, a refusal of growth without a minimum of social solidarity, a new strategy in terms of foreign policy glorifying national autonomy and challenges to the pre-eminence of great powers, not to mention detachment from international actors and bodies that dictated monetary-liberal economic policies in the previous decade.

The ideological convergence and homogenisation generated by this so-called move to the 'left' were initially interpreted as factors that were potentially favourable to the regional phenomenon (Courrier International, 2006; Brunschweiler, 2006; Suello, 2006). Some even thought they saw the birth of a post-liberal paradigm (Sinahuja, 2009; Riggirozzi, 2012). It is true that, following in the footsteps of this progressive move, the continent has seen regional initiatives converge whose dominant federative variable is not economic and trade liberalism. Examples of this are the establishment of the Bank of the South, ALBA, the South American Defence Council and the South American Council of Health. This is also the case for CELAC, whose main aim is to create political consultation mechanisms, allowing LA and the Caribbean to defuse regional tensions without help from external actors, and to express themselves in international affairs with one voice.

But is this proof that LA regionalism is healthy? In reality, this proliferation of regional initiatives should be interpreted less as the ability of a continent to develop a type of regionalism – with a clear and coherent collective project, supported by shared institutions and strategies – and more as a region charging ahead. A region which, because it lacks the political will to deepen existing regional initiatives and make them work effectively, chooses to create new ones. As a result, many LA countries are today members of several RO.<sup>7</sup> This phenomenon of multiple regional allegiances<sup>8</sup>, which was thought to be more an African phenomenon (Bach, 1998; Fain-Nougaret, 2012) – creates a confusing overlap of regional projects. It is true that some of these organisations have tackled some disagreements in the region. For instance Unasur helped defuse tensions between Colombia and Venezuela in 2008, and tangled the domestic political crisis in Bolivia (2008) and defended democracy in Ecuador (2010) (Romero, 2008; Shifter, 2011; Tokatlian, 2013). However, LA is, facing a growing number of interstate tensions and divergences that hamper and prevent collective projects from making progress. These disagreements can be largely explained by the resurgence of nationalism and government aspirations to territorial economic sovereignty that accompanies this 'continental left'. Many progressive governments elected on the basis of a programme of social justice and fighting poverty are banking on the recovery of energy sovereignty, on that

their respective states can win more room for manoeuvre in the area of economic and social policy as well as in diplomatic affairs when faced with the interests of foreign actors. Nationalisation policies are not just limited to energy sectors (oil, gas). They also affect banks, the cement industry, aviation and telecommunications companies. These policies are also increasingly accompanied by protectionist measures and sometimes even expropriation measures. Thus the ideological convergence that has emerged from the shift to the left does not necessarily facilitate the progress of regionalism in LA (Santander, 2009).

### 3.3 Ideological divergences, regional rivalries

This restructuring in LA has led to the reshaping of strategic alliances and changed regionalism in LA, as demonstrated by the recent creation of the Pacific Alliance (PA). The PA is the result of politico-ideological differences across the continent between the followers of the 'continental left' and those who distance themselves from that, as can be seen in the divisions within CAN. Unlike Bolivia and Ecuador, Colombia and Peru advocate a liberal development model. The latter two countries are ideologically close to Chile and Mexico, which led them to set up the PA.<sup>8</sup> In some respects, this new collective project is an attempt to return to the principles of 'open regionalism', since the vision for society of its MS is based on the idea that development, growth and socio-economic prosperity can only be achieved via a rehabilitation of private initiative, liberalisation policies for goods, services and investments as well as by incorporating national economies into global competition and more particularly in the Asia-Pacific region (Alianza del Pacífico, 2013).

The PA is a rehabilitation of the policies of the 'Washington consensus' and sees itself as both a reaction and response to the nationalist and protectionist economic policies that have proliferated in recent years and affected LA regionalism. Moreover, the founding countries of the Alliance have from the outset focused on constructing an image not of a *stumbling block* but of a *building bloc* 'open to the world', 'dynamic' and in line with 'concrete reality'. To do this, a smart communication policy has been put in place. This has enabled the PA to make itself known quickly (in LA and outside) as a regional grouping that brings together a third of the inhabitants of the continent (209 million), takes up 26 per cent of all FDI to LA and represents 50 per cent of LA exports and 35 per cent of the region's GDP. This communications strategy aims to present the PA as the 'new engine of the regional economy' and as an alternative to other existing regional groupings. Although its founding states say they did not create the Alliance 'against someone', they underline that it 'isn't rhetoric' (Santos, 2013) and that it 'does not represent a romantic or poetic type of integration [but] a realistic type of integration facing the world and towards the world' (Mexican Embassy in Belize, 2013). This is a thinly veiled message to ALBA and its instigator, Venezuela, which is mobilising its petrodollars to co-opt ideologically close governments in order to check the US's role and the role of its economic actors on the continent. Venezuela is also doing

this to develop a regional system of trade in barter and donations, so as to promote a development model in the region that is opposed to monetary-liberal reform and which does not limit the regulatory action of the state in economic affairs.

The MS also want to set up the PA as a counterweight to Mercosur and to Brazilian influence in LA. As regards Mercosur, the PA would like to see itself take its place as a new shining light for regionalism in LA. The PA could well achieve this, since Mercosur, which for a long time monopolised the attention and interest of the international public and private sphere, is losing more and more of its draw. Mercosur is suffering from the protectionist measures (customs duties, taxes, trade restrictions) that MS – Argentina and Brazil in particular – are applying to each other and to the rest of the world. However, the creation of the PA also reflects the concerns raised by Brazil's expansion on the continent. The PA aims to give more space and visibility to its members, which are faced with a Brazil that has turned South America into a happy hunting ground for building and consolidating its status as a power as well as for projecting its economic and political interests internationally. In other words, the PA members hope that their new alliance will improve their position relative to Brazil and to the economies of the Asia-Pacific region.

The PA is getting results in this competition. It has quickly succeeded in generating the interest of countries in North America (Canada, the US), Asia (China, Japan, South Korea), Oceania (Australia, New Zealand) and Europe (Spain, France, Portugal, Turkey), who are becoming observer members of the Alliance. It has also generated interest from LA countries that belong to other regional groupings, examples of this being El Salvador, Panama and Costa Rica, which belong to SICA. While the two former countries have been granted observer status, Costa Rica has become a member of the PA. Ecuador, a member of ALBA, has moved closer to the PA by becoming an observer member. The PA's draw is also extending to some countries from Mercosur. Paraguay, diplomatically isolated following its temporary suspension from Mercosur and Unasur in 2013, has shown interest in joining the PA. For now, it has secured observer member status. The same goes for Uruguay, which feels hemmed in by Mercosur and caught in the crossfire between the protectionist measures adopted by the two big countries. By agreeing to become an observer member of the PA, Montevideo hopes to forge a new room for manoeuvre in projecting its trade image abroad.

The PA sets a real challenge to all those in LA who had hoped to keep the PA outside LA's affairs. Questioning neoliberalism, the socio-economic crisis as well as the rise of nationalism and political radicalism in LA in the 2000s, combined with the failure of the American plan to create a FTA from Alaska to Tierra del Fuego (FTAA), had led to a decline in the intellectual and moral leadership that the US had exerted over the continent since the end of the Cold War. But the PA has in some ways revived the spirit of the FTAA and has become a new instrument to spread American influence in the region. It is true that the PA was created on the basis of bilateral free-trade agreements that its members had concluded between each other. However, these free-trade agreements are inspired by agreements

that each PA member has signed with the US and modelled on the standards and themes of the North American Free Trade Agreement (NAFTA), which had served as a reference point to create the FTA. In some respects, the PA is a replica of NAFTA.<sup>10</sup> Moreover, the US encouraged the initiative from the outset and showed interest in getting closer to it. The PA is seen in Washington as a potentially very useful lever to deploy its strategy of developing trade mega-blocs such as the Transpacific Partnership (TPP) or the Transatlantic Investments and Trade Partnership (TTIP). In the eyes of the US, these mega-blocs are counterweights to emerging powers such as China, and a channel to bring the planet into a framework comprising rules and behaviour inspired by the US model.

### 3.4 *What role for the EU faced with the reshaping of regionalism in LA?*

Given this reshaping of LA, what role does the EU play? As mentioned above, the EU has for a long time played a unifying external role for LA's regional projects. This latest reshaping has also taken the largest share of development assistance granted by the EU to regional initiatives in the form of technical and financial assistance (EC, 1995; Kaufman and Simon, 1995). However, the EU has clearly lost interest in interregionalism and focused more on the benefits of bilateralism. This is due to economic nationalism and political radicalism as well as the difficulties faced by LA regionalism in developing. Other reasons include the EU's striking of free-trade agreements with the LA countries and the stagnation of trade multilateralism. On the other hand, at the last summit held in January 2013 between the EU, LA and the Caribbean, Brussels indicated an interest in developing relations with the PA.

Since the second half of the 2000s, European authorities have started to question the relevance of the regional group-to-group strategy deployed during the Cold War and consolidated at the time of the post-bipolar world. This has led them to focus more on individual relationships with the states on the continent that it considers to be 'serious' or 'key players'. As a result, the idea has spread within the EU that interregional trade strategy has reached its limits and that bilateral agreements must be negotiated, as was done with Mexico (1999) and Chile (2002). Hence the conclusion of individual agreements with Colombia (2010) and Peru (2010). The bilateral approach has thus been favoured over the CAN, which has helped to further undermine this regional project.

The EU's relations with South America have also seen changes. Although it has not given up on the plan to negotiate an interregional association agreement with Mercosur, the EU had no hesitation in establishing a privileged relationship channel with Brazil by launching in 2007 a 'strategic partnership' with Brasilia. Nonetheless, this selective bilateralism deployed by the EU has helped to sow doubt among other members of Mercosur. This European policy of granting a special status to Brazil has irritated Buenos Aires and strained relations between Argentina and Brazil. Indeed, in Paraguay and Uruguay, which often feel they are being left out of Mercosur, the special relationship between the EU and Brazil

provides ammunition to those who call for an independent foreign policy that is free of any regional constraint and that supports bilateral trade agreements with major powers and especially with the US. Moreover, the strategic partnership strengthens the arguments of those in Brazil who are convinced it makes sense to leave Mercosur, which they call a 'straitjacket' and to go it alone in business dealings with the EU.<sup>11</sup> In short, the turn taken by the EU has created a competition between its interregional and bilateral strategies. The ROs in LA are affected by this tension. The bilateral approach has even given rise to centrifugal effects within the LA regional groupings, because it increases the fragmentation and rivalry within the same regionalism; yet this is something the EU always sought to avoid.

### Conclusions

LA is without doubt one of the most dynamic continents when it comes to regional initiatives. Regionalism has always shaped the political and economic scene in LA. In actual fact, the ideal of regional cooperation cannot be separated from the very identity of LA, even though the intensity of aspirations to engage in collective projects varies over time. The nature and depth of regional projects also vary. The new regionalism that emerged in the early 1990s in LA set out to be multidimensional and open to the world economy. It aimed to foster the development of economic and commercial exchanges and would define various tensions and conflicts. It would be a space for action and shaped by the role played by political and economic actors at both local and international level. Faced with regional projects' internal centrifugal forces and the destabilising US bilateral strategy of RO, the EU's role in promoting international regionalism would appear the development and continuation of some regional projects in LA, especially in uncertain times.

However, the new LA regionalism is more a phenomenon of cooperation than one of integration. That is because it must cope with various limitations, weaknesses and serious fragilities. These shortcomings stem from the overlap of regional projects as a result of states' multiple memberships and impulsive detentions, plus the rivalry between some countries. They are also due to difficulties in entering collective commitments, in ensuring that existing institutions function, and in moderating the extensive freedom of action available to the national authorities. Against all expectations, the ideological convergence that arose following the left turn did not lead to any deepening of regional projects. That is because the national and nationalist part of government policies has insisted through up strong contradictions within many groups. In their turn, these groups have given rise to new collective projects such as the PA. The continent is more divided than ever. Its political reshaping has given rise to competition between different ROs. They compete to be the spearhead of regionalism in LA. However, despite LA's weaknesses, changes, and retrograde moves, regional cooperation in LA remains a permanent trend.

- 1 Greater Colombia, the Andean Community and Central American Federation.
- 2 Belize, Costa Rica, Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic.
- 3 Protocols of Quito (1987), Trujillo (1996) and Sucre (1997).
- 4 Argentina, Brazil, Paraguay, Uruguay and Venezuela.
- 5 We have borrowed here the term used by Christopher Hill who, when looking at the EU's international role, analysed the gap between European actors' declarations of intent and their capacity to achieve them.
- 6 For example, it is considered that, as regards Mercosur, only 47 per cent of community rules decreed have been introduced into the national laws of Mercosur member countries (Canta Yoy, 2010).
- 7 Some examples: Nicaragua belongs to SICA, ALBA and CELAC; Venezuela to ALBA, Mercosur, Unasur and CELAC; Colombia and Peru to CAN, the PA, Unasur and CELAC; Bolivia and Ecuador to CAN, ALBA, Unasur and CELAC.
- 8 The current Peruvian president, Ollanta Humala, is part of the 'continental left'. However, he has neither challenged the free-trade agreements signed by his predecessor (Alan García) respectively with the US and the EU, nor Peru's participation in the PA. His economic policy is notable more for its continuity with rather than break with the previous government (Toche, 2012).
- 9 Accused of having 'poorly carried out his functions', the left-wing President Fernando Lugo was ousted in June 2012 by the Paraguayan Parliament. Considering that the ousting procedure had flouted the most elementary aspects of democracy, the members of Mercosur and Unasur suspended Paraguay from their respective institutions until new presidential elections were organised. This suspension came hand in hand with Venezuela joining, which Paraguay refused to support. After it had organised presidential elections in April 2013, Paraguay was invited to take up its place again within Mercosur and Unasur. But the country refused to rejoin Mercosur, because it considered that Venezuela's accession was done without its consent.
- 10 The trade, prescriptive and institutional aspects of the PA are very similar to those of NAFTA.
- 11 Today, many Brazilian industrialists and politicians are in favour of the bilateral approach. On the industrialists' side, Roberto Gianelli of the influential Federation of Industries of the State of São Paulo (Fiesp) defends the idea of turning Mercosur from a customs union into a single free-trade area and negotiating a bilateral trade agreement with the EU. This proposal receives particular support from the president of the Brazilian Rural Society (Cezario Ramalho da Silva) and the President of Brazil's Foreign Trade Association (José Augusto da Castro). A number of politicians have similar views: the Deputy Trade Minister (Ricardo Scheffer), Senator Abreu, former Minister of Industry (José Bolafarin Gonçalves) and the right-wing candidate in the elections for 2014 (Aécio Neves).