

Sebastian Santander

## **The Atlantic Triangle in the Era of China's Rising Power in Latin America**

### **Introduction**

This chapter focuses on the relations that the European Union (EU), United States (US) and China have developed with the continent of Latin America in the post-Cold War period. It looks at the evolution of each of them, the various different influences they have and their impact on Latin American stakeholders.

US policy on Latin America was for a long time governed by the Monroe Doctrine, based on the mantra of 'America for the Americans'. This explains why for decades Washington had considered Latin America (LA) as its own backyard. Hence the US had a policy that allowed the country to exercise an almost discretionary authority over the continent for most of the 20th century.

Starting in the 1980s, the EU and its Member States took initiatives enabling them to project themselves into the sphere of influence traditionally dominated by the USA. They began to play a role there and to develop their presence there. From the 1990s onwards, this resulted in the establishment of an interregional association between the EU and LA based on institutional and multidimensional relations – which they were quick to describe as 'strategic'. The EU rolled out a strategy that was aimed, for instance, at supporting regional organisations in LA to develop regional group-to-group relations. This strategy was intended to enable the EU to increase its international visibility and recognition, to consolidate its economic and commercial interests and thus to build and establish its role as an actor on the Latin American scene in the face of US power there.

US authorities were aware of this growing European presence in their hemisphere, and developed initiatives in response. Fearing that its companies would lose markets in a context of increased globalisation, the US rethought its strategy towards the continent. The aim was to enhance US trade alliances and to further diversify the country's free trade agreements (FTAs) with LA states.

There emerged what could be called a triangular game in the Atlantic area, where the actors' strategies influenced each other. However, over the past 20 years, the world's pace has accelerated, power has become more diffuse and new powers are emerging and making their presence felt on the international stage. This has only served to increase global competition.

Latin America has watched this new expansion and this increased international rivalry stemming from the new and extra-regional actors taking root on the ground in LA. China is the biggest of these actors, which raises the question as to whether its deployment will likely induce the traditional (the EU and USA) regional actors in the Atlantic Triangle to adapt their own behaviour and strategies. Are China's presence and its appeal to LA transforming the Atlantic Triangle into a strategic space with a quadrilateral rivalry?

### **EU-LA Relationship as a Soft Balancing against the USA**

For over 40 years, the EU and its Member States have been forging multiple relations with Latin American states and regional organisations. Their first approaches were made mainly during the 1980s. This coincided with three specific moments: the revival of the Cold War and Central American armed conflicts, a European desire to exert a more political role on the international scene and the goal of Iberian countries to become an interface between Europe and LA (Santander, 2014a). At that time, the European Community, its Member States and Iberian countries sought to act in concert and to play an intermediary role in the armed conflicts in Central America. However, they soon faced the hostility of the USA, which disapproved of Europe's initiative, especially since the Europeans were dissociating themselves from the USA in terms of interpreting the causes of Central American wars and the best way to respond to these conflicts. The USA advocated an interventionist approach, because it considered these conflicts were the result of East-West rivalry. Yet Europe favoured a regional, peaceful and negotiated approach, believing that these wars arose due to poverty and rampant inequality in the Central American societies (Schumacher, 1995, Crawley, 2006). Unlike the USA, the EU and its Member States played an active role in supporting LA's regional peace initiatives.

This episode, marking a trigger for the development of a future European strategy for the whole of LA in the post-Cold War period, underlines the need to study Europe-Latin American relations by taking into account the US role in the region, especially since LA and Europe see their relations with the USA, for both strategic and economic reasons, as one of their first priorities. To understand the nuts and bolts of these relations and how they change over time as well as the motivation of the actors concerned, we must assess Europe-LA relations in the light of the Atlantic Triangle. This triangle must be viewed in the broader context of globalisation and a multipolar world.

Whatever some experts may claim (Valladao, 1999; Bodemer, Grabendorff, Jung and Thesing, 2002; Arenal and Hirst, 2011; Serbín, 2014), strictly speaking

there is no triangular Atlantic relationship fuelled by a 'Western community of values' and by a willingness to cooperate between the triangle's three sides. That is because the Atlantic Triangle exists not as a framework for cooperation with an 'international capacity for action', but is the result of a soft rivalry that has developed between the EU and the USA in relation to LA. This competition is between unequal actors. These actors – to be found in the EU, in LA's countries and regional organisations and the USA – are unequal in power terms. Brussels and Washington both have their own Latin American strategies and they compete with one another, even though the two enjoy a special relationship based on extensive trade and investment as well as considerations of a strategic and military nature as well as political and diplomatic ones. In LA, state and regional actors play with this competition between Europe and the USA as much as possible, in a bid to better balance their relations with the USA and the EU.

When the Cold War ended, the EU came up with a plan for the entire Latin American continent and the USA set about redeploying in this hemisphere by focusing on a more economic and commercial approach. Both strategies were rolled out around the same time and influenced each other. In LA, the US authorities were busily encouraging regional and bilateral relations projects based on the promotion of FTAs (trade but not aid). The idea was to spread the standards and disciplines that underpin the US market economy, and as far as possible to keep outside actors such as the EU at a distance. They set up the North American Free Trade Agreement (NAFTA, 1994). At the initiative of the current Trump administration, this has undergone a facelift and it is now called the United States-Mexico-Canada Agreement or USMCA (2018). They also concluded the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR, 2005). They sought to create a Free Trade Area of the Americas (FTAA) stretching from Alaska to Tierra del Fuego (Argentina). But the failure in 2005 of this initiative pushed the USA to favour a bilateral approach by signing a series of bilateral trade agreements, including with Chile, Colombia and Peru, destabilizing some Latin American regional arrangements and thereby threatening the interregional relations promoted by the EU.

On the European and Latin American side, initiatives were taken to avoid being left behind by US advances in LA. The new expansion of relations between Europe and LA owed much to the many contacts, dialogues and negotiations that took place in the post-bipolar period. These led to an association they called 'strategic'. The association is based on institutional and multidimensional relationships that are themselves based on common principles and interests as well as on numerous themes such as trade, climate, education, energy, gender equality, human rights, democracy, international law and regional integration.

Special attention was paid to regional cooperation and interregional relations, not least because the regional organisations of LA were experiencing a revival from the 1990s. The technical, financial and institutional support for regional integration in LA became a pillar of EU policy on the continent. This regional integration became an 'external federator' for Latin American regional organisations (Santander, 2008). Such support fostered the creation of regional free trade areas, customs unions and common markets, while promoting the adoption of common strategies and institutions as well as the creation of supra-national frameworks. Consequently, the interregional phenomenon whereby two specific regional organisations are seeking to interact as a region (Hänggi, Roloff, and Rüländ, 2006; Söderbaum and Van Langenhove, 2006) took on greater importance in the relations between the EU and LA.

Relations between the EU and LA would be consolidated with the adoption of over a dozen cooperation programmes funded by the EU (EuroSocial, URB-AL, AL-Invest, Euroclima, Eurosolar, WaterClima-Lac, Ralcea, Alfa, Erasmus+, Copolad, @LIS and LAIF). A series of institutional links were forged and strengthened at governmental level (EU-CELAC biannual summits for heads of state and government; EU-CELAC biannual ministerial summits) and parliamentary level (Euro-Latin American Parliamentary Assembly). In addition, many social actors sought to participate in and influence these relationships. This gave rise to a long series of fora for entrepreneurs, social movements and academics. To facilitate contacts between the decision-makers of this association and civil society, the European Union-Community of Latin American and Caribbean States (EU-CELAC) Foundation was set up. Moreover, the EU successfully concluded different types of agreement with Latin American countries and regional groups (framework agreements, free trade treaties, strategic partnerships, cooperation and political dialogue agreements). These agreements were often concluded more or less at the same time as those negotiated by Washington with the LA actors, examples of this being the bilateral agreements signed individually with Mexico, Chile, Colombia, Peru and Central America. These ever-closer ties enabled the EU to become the second trading partner for LA after the USA, the first development aid provider and the main external investor. According to the European External Action Service (EEAS), in 2016, European investment stock on the Latin American continent reached EUR 825.7 billion, more than the investment stock in China, India and Russia combined (EEAS, 2019).

Consequently, the manner in which Washington moves its pawns in LA has always been viewed with unease in Brussels. The European authorities fear that the way the US deploys its bilateral or regional strategies in LA has the effect of weakening Europe's presence on that continent, while undermining Europe's

economic and commercial interests as well as those of its businesses. Many European companies (German, British, Spanish, French, Italian, Dutch and Portuguese) have a presence on that continent and boast significant market shares in the automobile sector (Fiat, Peugeot, Renault and Volkswagen); large retailers (Carrefour, Casino, Jumbo, Makro and Royal Ahold); energy (British Gas, Endesa, Fenosa, Iberdrola, Gas Natural, Repsol, Shell and Suez); telecommunications (Telefónica and Portugal Telecom); banking and insurance (ABN-AMRO, Banco Portugues de Investimento, BBVA, BSCH and Mapfre); aviation (Air Europa, Air France, Alitalia, Ibéria, Lufthansa and TAP) and chemistry (BASF). Latin American governments have always worried about the USA being overly present in their continent and weakening their external relations and ensuring they become locked into overdependence on Washington. This partly explains the failure of the FTAA. As a result, European and Latin American governments typically view their interregional relations as a sort of 'soft balancing' of US influence in the region (Santander, 2008).

### **The Atlantic Triangle Facing the Shift of Global Power and the Rise of China in LA**

During the last 20 years, the shift of global power has become one of the key trends of international relations and particularly of the international political economy. While the 1990s were viewed as a decade when the USA had its 'unipolar moment' (Krauhammer, 1990/1991; Battistella, 2011), the following years saw a growing multipolarisation of the international stage. This spread of power worried the USA and the EU and its Member States, because to some extent it came at the expense of their power and their economic and commercial interests in the world. In particular, this redistribution of power has clearly led to the rise of new powers seeking to increase their presence in world affairs. Their aim is to maximise their interests, diversify their external relations, establish new alliances and encourage changes in international economic and political structures, with a view to rebalancing the new distribution of power to their advantage (Santander, 2009, 2013 and 2014b).

Over the last 15 years, the relations of the EU and the USA with LA have grown weaker. However, as world power has become more diffuse, Asian actors have expanded into LA, notably China, South Korea, Japan and India. This expansion is happening in many sectors and also involves other actors such as Iran and Russia. Actors like these are negotiating agreements with a series of LA countries in fields such as trade, energy and transport. They are also forging political and military alliances and, like Russia, are holding joint military

manoeuvres in the region with LA countries, such as Venezuela. Moreover, Russia and its companies are investing billions in this country, in the form of loans or investments (around USD 17 billion) (Mandraud, 2019). Moscow has sold weapons to Venezuela, rescheduled part of the country's debt and supplied bomber aircraft. All of which have only stoked fears in the USA and the EU. Turkey also figures among the extra-regional actors on the Latin American continent. Trade between the two grew substantially from USD 1 to 10 billion between 2000 and 2017. Erdogan's Turkey wants to boost its trade through FTAs, which it is currently negotiating with Colombia, Ecuador, Mexico, Peru and Central America. It is also developing gold trade with Venezuela. Over the last decade, the number of Turkish embassies in LA has more than doubled (from six to 13), and the Turkish Cooperation and Coordination Agency (TIKA) has opened an office in Colombia and Mexico.

The expansion of all these extra-regional actors in LA has been uneven. What concerns Europe and the USA most, economically and commercially, is the presence of China. Its expansion in the region is the most impressive, especially as this has happened in an extremely short period of time. Over the past 15 years, trade between China and LA has multiplied by a factor of 25, from USD 10 to 250 billion. Beijing has negotiated FTAs with several countries on the continent and notably with Chile, Costa Rica and Peru. It is also working on sealing commercial agreements with Colombia, Ecuador and Panama.

For many years, the USA and the EU were, respectively, the first and second trading partners of LA. Today, China is ahead of Europe and in some cases the USA. Indeed, while LA is China's fourth trading partner, the latter has become the second largest partner on the continent and the first for Brazil, Chile and Peru (Müller, Wouters, Defraigne, Santander and Raube: 2017). It is a key customer for LA's raw materials and commodities (crude oil, copper, iron and soybeans), while LA buys mainly high-value-added manufactured products from China (household goods, technologies, appliances, toys, clothing and more) (OECD, 2015). This creates a centre-periphery relationship like the ones sealed by Europe and the USA respectively with LA. Chinese investments have also poured into LA, focusing mainly on sectors such as mining, oil and transport infrastructure (ports, airports, roads, pipelines, gas pipelines and railway lines). According to the ILO, Chinese investments on the mainland reached about USD 200 billion, creating 1.8 million jobs (Dussel and Armony, 2017:47). In the space of a decade, the Chinese government has also made large loans, totalling USD 100 billion, increased the number of high-level political visits to LA and woven a network of political and institutional links, in particular with several regional organisations. To sustain its presence and strengthen its interests within LA, Beijing has joined

the Inter-American Development Bank (IDB), whose annual meeting is now also held in China. China also has observer status with the Organization of American States (OAS) and the regional organisation Pacific Alliance (Chile, Colombia, Mexico and Peru), and participates in various multilateral fora. These include the dialogue between China and the Southern Common Market (Mercosur), the Caribbean-China Economic and Trade Cooperation Forum and the China-CELAC Forum.

Recently, the Chinese government has been eager to expand its plans for a 'New Silk Road', known as the 'Belt and Road Initiative' (BRI), to the continent of LA. The initiative aims to reshape the geography of world trade in line with Beijing's vision, so as to promote major infrastructure projects and to further facilitate the delivery of Chinese goods to the four corners of the globe. It is a project with land and maritime parts. The first part seeks to connect China to Europe by land and rail, and the second part makes use of seaways to create an economic zone that would extend westward from south-east Asia to the Mediterranean through the Indian Ocean, The Gulf and the Suez Canal and then to the East by extending its links to LA.

To implement this twin project, the Chinese authorities rely on financial institutions and instruments. They have also set up the Asian Infrastructure Investment Bank (AIIB), which comprises almost 90 countries including Brazil, Bolivia, Chile, Ecuador, Peru and Venezuela as well as a Silk Road Fund with a capital of USD 100 and 40 billion, respectively. The goal is to finance the construction of thousands of roads, ports, bridges, railways, gas pipelines as well as water management facilities and power plants. Panama, which has a strategic commercial positioning thanks to its transoceanic canal, is now becoming the gateway to the Silk Road in LA. In 2017, it even broke off diplomatic relations with Taiwan – a movement started by Costa Rica in 2007 and followed by El Salvador and the Dominican Republic in 2018 – to underline that Panama recognises there is only one China and hence is playing Beijing's game. Washington was deeply disappointed by this, as shown by the recall of its ambassadors from Panama, El Salvador and the Dominican Republic. It disapproved of this relationship and denounced the 'Chinese targets' in Central America and in particular in Panama, a nation until just recently considered a key part of the American zone of influence in the region. By making this highly political decision to break diplomatic relations with Taiwan, Panama has succeeded in winning the favour of Chinese leaders and investors.

This move reflects how, despite the official Chinese line exalting the principle of noninterference in the internal affairs of states, China's international projection strategy still comes with a political mindset. Given that China is expanding,

increasing and diversifying its relations and interests in the world, and that since the arrival of Xi Jinping in power (2012) it is abandoning its low-profile diplomacy for a more proactive foreign policy that some have called 'striving for achievement' (Yan, 2014), the country is increasingly likely to get caught up in politics. The Venezuelan crisis is a clear example of this evolution. Beijing – just like Moscow, Tehran and Ankara – has chosen to support Nicolas Maduro as the only legitimate president of Venezuela. This is a political decision because, as some Asian media have reminded us, President Maduro and his predecessor have always been outspoken in their anti-Americanism, thus making them influential political allies for Beijing in its growing rivalry with Washington (Huang, 2019).

Due to this situation, China is in political disagreement with Washington, but also with the vast majority of European and Latin American governments that have taken a stand in favour of the self-proclaimed president, Juan Guaidó, and the presidential elections organisation. This organisation is also advocated by the European External Action Service (EEAS, 2019). China has major economic interests in Venezuela, which boasts the world's largest oil reserves and huge mineral reserves. Various banks, such as China Development Bank and China EximBank, have over the past 10 years granted loans to Caracas of USD 62.2 billion, making Venezuela the biggest Latin American recipient of Chinese loans (Gallagher and Myers, 2017). China is also the main investor in Venezuela's oil production and the chief importer of Venezuelan raw materials. Caracas reimburses its debts to Beijing by sending oil to China on a daily basis. Beijing therefore fears that a regime change would jeopardise China's alliances and interests in the country. However, Maduro's Venezuela is also at the mercy of the dependence it has developed with China.

Chinese authorities are, much more than in the past, engaged in a power policy and intend to defend their interests, including in the geopolitical scene and LA, which the USA seems to continue to regard as its zone of influence. This was notably highlighted by a statement from the US National Security Advisor, John Bolton, who believes that his country has a 'special responsibility' in Venezuela because it is in the USA's hemisphere. In a way, China is gradually moving into LA as a counterweight to the USA and Europe, and is thus inviting itself into the rivalry 'game' that is expanding between the Atlantic Triangle's actors.

It is not surprising then that China's ongoing breakthrough is a worry for both the USA and Europe, especially since China believes it has landed in LA to stay there. In other words, the Latin American continent has acquired strategic importance in the eyes of China, which regularly adopts Policy Papers (2008; 2016) as well as Cooperation Plans and Action Plans (2015, 2017, 2018). Beijing is counting on a long-term relationship with the continent. Growing numbers of

senior Chinese officials are visiting the region to consolidate existing links with LA regional platforms, to organise major summits of heads of state and government with all the region's countries, and to intensify its railways diplomacy to interconnect the Atlantic and Pacific coasts. A further goal for China is to accelerate the conclusion of FTAs, with a view to achieving trade with LA worth up to USD 500 billion as well as to invest USD 250 billion on the continent by 2025.

Nevertheless, China is also relying on LA to pursue what it views as a key strategic objective: being recognised as a market economy. Currently, Chinese authorities are in a tussle with Europe and the USA, who deny the country the status of a market economy. As a result, China is looking elsewhere for support and has succeeded in getting countries like Argentina, Brazil, Chile, Peru or Venezuela to recognise it as having a market-economy status. As a result, these countries can no longer impose anti-dumping measures on China.

China's growing presence in LA also partly stems from Europe and the USA paying less interest in the continent over the last decade, plus the fact that Latin American countries have been very enthusiastic about relations with China, paying more attention to this country than have Europe and the USA. Although this relationship has helped to support a series of economies on the continent, it has also been detrimental to LA, since the continent has steadily increased its dependence on the Chinese economy and is therefore more vulnerable. So when China sneezes, LA catches a cold. For instance, when China buys less and commodity prices drop – as happened in 2015 and 2016 – LA's economies feel the effects directly. This dependence also helps to accelerate the process of reprimarisation and de-industrialisation of several economies on the continent (Chaponnière and Salama, 2016) and poses serious challenges to regional integration of LA (Ortiz Velásquez and Dussel Peters, 2016).

One concern is beginning to emerge in several Latin American countries. They see their margin of manoeuvre increasingly reduced by this new dependence on China. As a result, they believe they need to work harder to diversify their economic and commercial relations. Today, the decline of the left due to the arrival of right-wing governments in LA is sometimes accompanied by a certain fear about Chinese power and the sense that relations with the EU should be revitalised as a way to reduce their growing dependence on China. Europe also has concerns about this Chinese presence, as indicated by some representatives of the European institutions who have said that 'we cannot leave Latin America to China'. The President of the European Parliament, Antonio Tajani, has repeatedly expressed views that for years Europe has focused on itself and during that time it has lost ground in LA to the benefit of China. European

decision-makers feel that there is a need to inject a new impetus to EU's relations with LA (Santander, 2019).

### **The Atlantic Triangle at the Time of 'America First' Policy**

Responding to a world in turmoil as well as the spread and decentralisation of global power, the Trump administration proposed an external agenda based on the principle of 'America First'. Hence, the USA's international projection policy is notable for challenging the two other sides of the Atlantic Triangle as much the new powers. Indeed, this policy has typically undermined relations with the country's transatlantic neighbours and allies, while allowing the USA to evade its international commitments (acting against the WTO, US withdrawal from several multilateral deals: the Paris agreement on climate change and the Iran nuclear deal, etc.). This is more disruptive to a world order that Washington now views as the one that has supposedly weakened American power and promoted the growth of new powers, particularly the major exporting actors such as the EU and China. From a US viewpoint, the world is a zero-sum game, made up of winners and losers. The 'America First' policy is based on the idea that in order to be one of the winners, a country must have a more nationalistic, unilateralist, and unpredictable policy, and must oppose the multilateral order based on compromise, negotiation, cooperation, and respect for international law.

This conception of international relations based on power relations, the reason of state and the unilateral use of force, has led to the USA strongly contesting the usefulness and effectiveness of international and regional organisations. This has called into question the institutionalisation of multilateralism in all its forms. The Trump administration emphasises force over the law, relies on trade wars, and believes that because the USA is powerful, trade wars are 'good and easy' to win. This approach has also encouraged the USA to bully the other two sides of the Atlantic Triangle and to tackle head on many countries in LA, Asia, and Europe without distinction. Washington has begun to question its traditional alliances, including the one with the EU. While the USA has long supported the construction of Europe, it is now betting on its destabilisation or even its disintegration. In the eyes of the Trump administration, the EU is seen – just like China – as an 'enemy' and a 'competitor' that threatens American economic and commercial interests. The EU is among the main players targeted by the Republican-led government's neo-mercantilist policies, underlining a radicalisation of commercialism freed from reciprocity and multilateralism. Such policies, based on a purely transactional strategy, are designed to benefit the US internal

market, to promote its own companies' exports, and to discourage imports by imposing customs barriers (Santander and Vlassis, 2018a).

For the Latin American side of the Atlantic Triangle, the USA has been using aggressive rhetoric and hostile measures. Besides the decisions taken to unravel the Obama administration's legacy of normalising relations with Cuba, the Trump government has taken a radical stance against Venezuela and Nicaragua. With Mike Pompeo, Secretary of State, and John Bolton, National Security Advisor – supported by the influential Republican and interventionist Congressmen Marco Rubio and Mario Díaz-Balart – the Trump administration seems to be increasingly drawn to the theory of 'regime change' in order to confront the Cuban, Nicaraguan, and Venezuelan regimes that Washington has dubbed a 'troika of tyranny' (NSC, 2018) because they supposedly represent a threat to the national security of the USA by spreading anti-Americanism in Latin American societies. The USA has fuelled fears and discontent on the continent and cooled the relationship between Washington and LA. This is due to US controversial comments on Mexico and El Salvador and their respective nationals, attacks on the North American Free Trade Agreement (NAFTA), and withdrawal from the Trans-Pacific Partnership (TPP), plus the adoption of protectionist measures on steel and aluminium. Not to mention the Trump project to build a wall on the border between Mexico and the USA and to end Temporary Protected Status (TPS), which, for example authorises eligible nationals of Central America (El Salvador, Honduras, and Nicaragua) to live and work in the USA for a limited period of time. Paradoxically, the USA's strategy in LA is based on confrontation and unilateral actions, whereas the continent has since 2015 been shifting politically to the right. This shift has resulted in the election of leaders whose agenda is to work for closer relations with Washington. Not since the late 1990s has LA had so many governments in favour of relations with the USA (Santander, 2018b).

However, actors on the international scene are being hassled by the 'America first' policy. LA, the EU, and China have all been the target of the US' confrontational attitude. This has aroused their distrust and encouraged them to diversify their respective external relations and to revalue other alliances. China's presence is being singled out by the US authorities, who say that China is increasingly becoming a 'revisionist power' that seeks to challenge 'the values and interests' of the USA in the world (the White House, 2017:25). This explains Washington's opinion that China's presence in LA is a 'threat to the interests of the countries of the Western Hemisphere'. The US authorities want to take advantage of the coming to power of right-wing governments in Argentina, Brazil, Chile, Colombia, and Peru, in particular because some of them fear the presence of China's power on the continent, as shown by the statements of the Brazilian right-wing president,

Jair Bolsonaro, who has stated: 'The Chinese are not buying in Brazil, they are buying Brazil'. Washington seeks to develop closer relations with these countries in the hope that their right-wing governments could be useful to counter Chinese power in the region. Yet China remains undeterred and has deepened its relations with LA, as shown by the adoption of its second policy paper on LA, published just one week after the election of President Donald Trump. Other indicators include the ramping up of Chinese official visits to the region; accelerated trade negotiations with LA countries; Chinese anchorage in countries historically under American political, economic, and military influence, such as Panama; and extension of the 'BRI to LA'. Beijing is therefore taking advantage of the US attacks on LA countries, with the result that China is increasingly pushing on the door of the Atlantic Triangle, whose shape is constantly changing and increasingly resembles a square.

### **The EU-LA Relationship: Towards a New Awakening?**

The Trump administration's cavalier attitude is also changing the configuration of the EU and LA relationship. Especially since the US government has little interest in developing the kind of relationship with Europe and the LA where everyone listens to each other. Moreover, the USA believes that Europe and LA need it more than the USA needs them. US animosity and unilateral measures are partly responsible for closer relations between the EU and LA, as both these sides view cooperation, free trade, and multilateralism as ways to limit political relations based on power, thus helping to create a world that is less unpredictable and more balanced. Although the 'America first' policy is encouraging closer links between Europe and LA, it should be said that these relations have been grounded in a new context for several years. For in LA and Europe, there has been a political desire to renew their association.

However, over the last 15 years that relationship has sometimes been rocky. During this period, almost all LA and EU summits with heads of state and government were notable for their tension and occasionally even conflicts. The two sides struggled to find common ground at these summits, which were intended to sketch out the general lines of their relationship. When the EU and its Member States proposed to extol respect for multilateralism and human rights, LA's decision-makers criticised the proposal's inconsistency: they pointed to the European governments that had supported the US' illegal intervention in Iraq. When the EU and its Member States defended the need to fight international terrorism, LA countries retorted that this was not a priority for them. When the

EU brought up the issue of social cohesion, several LA governments suspiciously viewed the European proposal as a way to conceal protectionist aims.

Ideological divisions also affected the association. The political left-turn of several LA countries favoured the development of an economic nationalism that was critical of the liberal economic policies promoted by the EU in its relations with LA. In turn, the EU and its Member States disapproved of the protectionist or nationalisation policies of various LA countries' economic sectors and, above all, the strategy of several LA countries to take back control of national energy resources. Moreover, China's growing presence on the continent, plus the ever-intensive policy of extractivism supported by Chinese investments, effectively diverted LA governments' attention during the decade of that left-turn.

Lastly, the fragmentation of LA regionalism and the EU's bilateral strategy further divided the two sides. For many years, the EU has promoted a strategy of relations with the LA regional blocs. However, the difficulties faced by LA regionalism prompted the EU to focus more on promoting individual relations with states. The European institutions were disappointed by the lack of progress in LA integration, and several LA countries were unhappy with the EU's criticism or its change of strategy (Santander, 2009a).

Today there is a more favourable scenario for relaunching relations, especially because of changes within LA and the relative ebb of nationalist and protectionist economic policies there. The return of pro-market policies and open regionalism in the region, alongside concerns about the Trump government's protectionist and unilateral policies, have revived and accelerated regional and inter-regional cooperation in LA. This trend is seen in a willingness to bring the Pacific Alliance (PA) closer to the Southern Common Market (Mercosur). In Europe, these initiatives are enthusiastically welcomed. The EU has a clear interest in the PA as well as its liberal and economic openness policies. Germany, Spain, and France are pushing for the EU to get closer to the PA. In addition, 21 of the PA's 52 observer states are EU countries. The EU's EEAS has begun to hold meetings with the foreign ministers of the PA countries. According to EEAS officials, the next step will be the signing of a memorandum of understanding with the PA. The EU and European businesses have also welcomed the effort to get closer to MERCOSUR by the 2019 trade arrangement. They would like to see a convergence of the two regional schemes, as this would create economies of scale. Moreover, according to European stakeholders, gradually reducing differences in regulation – such as for rules of origin – would promote the development of global value chains. All the above underlines the European authorities' renewed interest in their relations with LA.

European authorities know that in recent years Europe's attention has been diverted by EU enlargement; geopolitical events in nearby regions (war in Georgia, crisis in Ukraine, annexation of Crimea by Russia, and political conflicts with Moscow); infatuation with the Chinese market; and a series of internal problems (crisis in the Eurozone, social crisis, refugee crisis, growing Euroscepticism, and a crisis of political representation in Europe). They are now trying to pay more attention to LA. This is reflected in the speeches and initiatives taken by the EEAS and the High Representative of the EU for Foreign Affairs and Security Policy, Federica Mogherini. Since starting her duties, she has made many official visits to LA, including more than a dozen to countries such as Argentina, Chile, Colombia, Cuba, and Mexico, and she has visited local multilateral organisations such as the Economic Commission for Latin America and the Caribbean (ECLAC). Europe's official line is intended to be more incisive and proactive, calling for stronger partnerships with LA and the Caribbean (EEAS, 2016a:37). While there is tension in the relations with the USA, European authorities were quick to declare that "transatlantic relations are not confined only to the United States, but also include [...] all of Latin America" (Mogherini, 2017).

This official line has been accompanied by a series of initiatives, among them the strategy to normalise relations with Cuba, which concluded in 2016 with the Political Dialogue and Cooperation Agreement (PDCA) between Brussels and Havana; the resumption of trade negotiations between the EU and Mercosur after several years of stagnation; and initiatives to modernise a series of agreements linking the two sides of the Atlantic and, in particular, the agreements with Chile and Mexico as well as the visa waiver between the EU and Colombia and Peru. As a result, the Europe-LA side of the Atlantic Triangle would appear to be engaged in a new strengthening process, while facing the challenges of Chinese penetration in LA and the 'America first' policies of the Trump administration.

## **Conclusion**

Until the early years of the 21st century, China maintained modest relations with the LA continent. South Korea, Japan, or Taiwan had much deeper relations with LA than did China. However, the power projection strategies of these extra-regional actors remained low key and had no major impact on the strategies deployed by the EU or the USA in LA or the Atlantic Triangle. Consequently, the only external actors with an active strategy to influence LA were the USA and the EU.

Although well aware of the US' dominance and influence in LA, Europe was not afraid to develop, beginning in the 1980s, its presence on that continent. Meanwhile, it maintained close economic, commercial, as well as political and strategic relations with Washington. The relations of both the EU and the USA with LA are not developed separately, nor do they evolve in an international political vacuum. Thus Europe-LA relations and pan-American relations are conditioned by the wider framework of the Atlantic Triangle. Contrary to the prevailing interpretation, this triangle is certainly not a triangular relationship based on a framework of shared values that would allow its actors to act in a concerted manner internationally. Instead, it is a strategic competition environment that determines the play of LA actors and their relations with the EU and with the USA.

With the shift of world power and the rise of new actors, the Atlantic Triangle has become a strategic projection space for other extra-regional actors. This is especially true for China, which is seeking to advance its pawns. Sino-Latin American relations are growing exponentially. In just 15 years, the relationship between China and LA has moved from insignificant to predominant. Powerful China has become an investor and a key economic and commercial partner for the LA continent. By comparison with the other leading players in the Atlantic Triangle, China has emerged as a challenger, because part of the market shares it gains in LA is at their expense. China's increasing weight and presence in LA have made the game and power relations in the Atlantic Area more complex.

In theory, the arrival of new extra-regional actors in LA should be helping to open up the continent. China's presence ought to create opportunities and margins of manoeuvre for LA actors, in their relations with the other leading players in the Atlantic Triangle and in their reciprocal relations. Yet in practice, the opposite has proven true. The relationship between China and LA countries is highly asymmetrical. It perpetuates a pattern of economic and commercial exchange with a strong north-south footprint, like that developed with the EU and the USA. Moreover, LA countries are developing a new dependency, making them vulnerable to upheavals in the Chinese economy. Finally, the close relationship that LA is building with China also has a political fallout. Especially as Beijing is taking advantage of the asymmetrical relations with the continent to stake claims that, whether implicitly or explicitly, it considers to be highly strategic. China's growing economic grip on more and more LA countries has therefore pushed them to recognise China's market economy status or to break their respective diplomatic relations with Taiwan, thus advancing the 'one China' policy. The LA continent has thus become a space to expand Chinese power.

The growth, consolidation, and assertiveness of Chinese power in international relations over the past 20 years have been highly influential on LA actors, offsetting European and American strategies for the continent and transforming the Atlantic Triangle into a strategic space of quadrilateral rivalry.

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