

## Foreword

The Euro-Latin American Forum is jointly organised by the Institute for Strategic and International Studies, IEEL, and the Instituto Roberto Simonsen of the Federation of Industries of the State of São Paulo, FIESP/IRS. Since its inception, in 1990, it has been able to count on the support of the European Commission.

The Fifth Euro-Latin-American Forum convened in Lisbon in May 1998, to discuss the core relationship between the European Union and the Mercosul, in the wider context of Euro-Latin American relations and taking into account the pull towards regionalisation and hemispheric free trade, and the universal phenomenon of globalisation. If both Europe and Latin America want to be globalisers, i.e. have the ability to influence and shape the world order in accordance with their shared interests and values, then they should create *a partnership for the twenty-first century* and act jointly to *set the global rules* which will govern that system. This was perhaps the main conclusion of the conference.

The organisers wish to thank all those who contributed their time and their invaluable comments to the discussions of the Fifth Forum. Most especially the Brazilian and Portuguese heads of state, H.E. Fernando Henrique Cardoso and H.E. Jorge Sampaio, the prime-minister of Portugal, António Guterres, H.E. Mário Soares, former President of Portugal, and his respondent at the conference, Hélio Jaguaribe, the Brazilian and the Portuguese foreign ministers, Luiz Felipe Lampreia and Jaime Gama. Those who contributed to highlight the broader Latin American scope of the conference, particularly Herminio Blanco, the Mexican Minister for Commerce and Industrial Development, and Álvaro Garcia, the Minister for the Economy of Chile, the former President of Bolivia, H.E. Jaime Paz Zamora, as well as the Foreign Minister of Mexico, Rosário Green, who joined participants for the closing session, and the secretary-general of the Andean Community, Sebastián Alegrett. The hemispheric dimension was given by the president of IDB, Enrique Iglesias. Last but not least, the organisers' gratitude goes to the European Commission and its director for Latin America, Francisco da Câmara, for the continued support to this initiative, and especially to commissioner Manuel Marín.

This report, discussed at length during the conference, largely draws from the Fifth Forum research papers, written by a distinguished group of Latin Americans and Europeans, to whose sustained effort the Euro-Latin-American Forum owes the most. The organisers also wish to express their gratitude to the Royal Institute of International Affairs, and its acting director, George Joffé, who was actively

involved in the preparation of the Fifth Forum, namely in the organisation of the preparatory conference held in London in March 1998, and to all other «sister organisations» in Europe and Latin America who were involved in the preparatory meeting held in São Paulo in October 1997.

The programme of the Fifth Euro-Latin-American Forum Conference, *The Challenge of Globalisation: Europe and Latin America and the Integration Processes in the Americas* is appended to this report. The conference was attended by many decision-makers, entrepreneurs, journalists, academics, diplomats, and particularly European and Latin American ambassadors, who in many ways have been involved in the Euro-Latin American Forum and actively promoting its objectives.

The Fifth Euro-Latin American Forum has been made possible by the generous support of its two main sponsors, the European Commission and ICEP – Comércio e Turismo de Portugal, as well as public and private companies who are involved in the day-to-day business of building the Euro-Mercosul partnership: Banco Itaú Europa, Portugal Telecom, and EDP – Electricidade de Portugal.

# Preamble

1. Since its inception in 1990, the aim of the Euro-Latin American Forum has been to assess the relationship between the European Union and Latin America, exploring the points of economic, political, social and cultural convergence between the two regions. The Forum has contended that the relationship is based on a natural convergence arising from a shared cultural heritage, but that this has been insufficient to ensure the development of substantive economic and political governmental and non-governmental relations.
2. Biregional relations acquired greater dynamism and substance with democratisation and sub-regional integration in Latin America. In this context, the Euro-Latin American Forum began to focus on the links between the European Union and the Mercosul, following its creation and success and the rapid evolution of its relations with the European Union.
3. It has been the view of the Forum that the European Union and the Mercosul are open integration processes characterised by a commitment to pluralism and democracy. It has analysed the differences and similarities between the two projects and debated their relative weight in the post-Cold War international system. Despite the differences between them, both confront the challenges of regionalisation and globalisation, the two most powerful trends within the international system today.
4. The Forum has contended that the form of regionalism practised by the European Union and the Mercosul can contribute to reinforcing multilateralism in the international system. Although it has concentrated primarily on the special links between these two integration projects, the Forum has recognised that these are shaped by events in Europe and the Americas as a whole. For this reason, it has advocated that the relationship be viewed from a wider angle, as both regions are undergoing processes of change and biregional relations are intensifying and aiming towards more concrete goals.
5. This report is based on the research undertaken for the Fifth Euro-Latin American Forum and on the findings of the Forum Conference held on 21-22 May 1998 in Lisbon, attended by European and Latin American Heads of State, academics, businessmen, policy-makers and diplomats. It recognises the multifaceted nature of relations between the two regions. It therefore assesses EU-Mercosul links in the wider context of relations between the European Union and Latin America, widening its analysis to include the Andean Community, Chile, as well as Canada, Mexico and the United States within the North American Free Trade Area.

6. The United States is the only remaining true global power and the most important strategic, political and economic partner of the European Union and Latin America. The success of both integration projects and relations between them will be affected by their links with the United States and its attitude towards them. Thus, the report contends that the management of relations with the United States is crucial, particularly given the importance of the Free Trade Area of the Americas, the expansion of the North Atlantic Treaty Organisation and the creation of a Transatlantic Marketplace.

7. The report argues that relations between the two regions and with the United States are conditioned by globalisation. Indeed, as globalisation gathers force, the "Atlantic triangle" becomes less important than evolving global networks and is, at most, a part of that dense web of relations. Globalisation is a phenomenon that both regions have to confront, although each has different political and economic projects as well as varying attitudes regarding the means to harness the forces of globalisation. The report attempts to clarify the concept. It distinguishes between globalisation as an objective process and an ideological project. Similarly, the report contends that links between the two regions are shaped by regionalisation. It therefore also assesses the nature of this process, making a clear distinction between deep integration and open regionalism. It examines the differing visions of globalisation and its links with regionalism and integration. Equally importantly, taking this context into account, the report examines the question of which rules and project are best suited to the advancement of multilateralism, democracy and social justice.

8. Within this wider context, the issue of social justice has been of primary concern for the Fifth Forum. The report thus argues that today's great questions are not civilisational but rather related to human rights, social equity and access to information. It contends that there is a tension between "globalisers" and "globalised" that must be taken into account in order to prevent the detrimental social effects of globalisation. In light of recent financial crises that have shaken world markets and affected the most vulnerable economies, the report argues that it is necessary to avoid a "single way of thinking" about globalisation and to adopt multilateral measures that promote equitable and sustainable development as well as social justice.

9. In light of the above, the report proposes concrete policy recommendations to encourage the European Union and the Mercosul to build a solid and dynamic partnership for the twenty-first century. It proposes that the partnership should make a specific contribution to re-structuring the international system and generating *new rules* to govern it. This argument is based on the belief

that the *open integration* model adopted by the European Union and the Mercosul can contribute to peace, stability and democracy, to equitable development, transnational social solidarity, and to reinforcing multilateralism. The report recognises that the European Union and the Mercosul do not represent Europe or Latin America as a whole and is aware of other regional projects such as NAFTA. It does contend, however, that the European Union and the Mercosul are the projects that best illustrate the triumph of the principle of association over the tendency towards fragmentation in both continents.

10. The aim of the report is to contribute to a debate among policy-makers in both regions and encourage deeper bilateral political and economic relations. The consolidation of the European Union as a civilian power and the creation of a single currency, as well as the progress of regional integration in Latin America present opportunities that should not be missed. Thus, it is hoped that this report can make a useful contribution to the discussions and proposals to be presented at the 1999 European-Latin American-Caribbean Summit.

