Conclusions

THE Fourth Euro-Latin American Forum aimed to develop a more integrated vision of relations between the European Union and the Mercosul. Thus, apart from examining the traditional topic of trade relations, cooperation in the financial, political as well as peace and security realms were analysed and debated.

The debates in the working groups and in the plenary sessions highlighted the need to give greater consistency to the economic and political partnership between the European Union and the Mercosul through a definition of their common interests. The interests shared by the European Union and the Mercosul are based on a positive agenda rather than on the need to face common threats. They are based above all, on democracy, on a common cultural heritage and on the fact that both are integration projects which aim towards the establishment of something more than a free trade area.

These common interests were summarised by the Fourth Forum as the widening of democratic space; a more balanced relationship with the United States; the affirmation of regional integration as an essential part of political and economic multilateralism; and finally, the need to harmonise multilateralism and free trade with social progress.

There is a convergence of interest between the democracies of Europe and the Mercosul in widening a democratic space where human rights are respected and to contribute to strengthening processes of democratic consolidation. The principle of democracy was affirmed by the Fourth Forum as an indispensable component of processes of integration. The role that these processes play in the consolidation of democratic regimes was reciprocally reinforced, particularly in light of the role played by the Mercosul in reaction to the coup in Paraguay.

There is also a common interest in establishing a partnership with the United States. The United States is an essential partner for both regions,

both economically and politically. It is therefore in the interest of both the European Union and the Mercosul that bilateral as well as "triangular" relations with the United States should lead to the establishment of a strong partnership that can contribute to a more balanced international order.

The promotion of open integration is a common interest for both regions. The development of regional integration processes should not be seen as a confrontation between various regions, but rather as a process which can generate new opportunities for cooperative relations. In this context, the debate regionalism *versus* multilateralism does not make much sense; it is more relevant to discuss the harmonisation of political and economic multilateralism with regionalism.

Finally, because the European Union and the Mercosul share the same values, they have a common interest in ensuring a compatibility between liberalism and social justice. The concept of *pragmatic liberalism* expresses the gap between the *rhetoric of liberalism* (total liberalisation) and the *practice of liberalism* (the preservation of a mitigated protectionism). This is the gap where the objective of social justice may be better served.[24]

The discussion on the state of the European Union and the Mercosul and the institutional reforms which are needed in each region, revealed interesting parallels between the two processes.

The European Union is confronted with the need to integrate the new democracies of Central and Eastern Europe in order to contribute decisively to the consolidation of its democracies. At the same time, it must maintain internal balance and democratise its decision-making process. These are the central issues to be addressed at the 1996-97 Intergovernmental Conference for the reform of the Maastricht Treaty.

The Mercosul cannot escape the need to overcome the institutional deficit it currently suffers from, as it needs an institutional system which is juridically efficacious in order to maintain the unity among its member states and to arbitrate conflicts which may arise.

The importance that the institutional debate plays in both integration processes allowed to note the reversion of the traditional phenomenon of *mirroring* between the integration process in Europe and the Mercosul. For the majority of Latin Americans present, the Mercosul has everything to gain by carefully studying the experience of Europe for the simple

reason that it is more advanced, but also because it is the only common market with which the Mercosul can compare itself. This represents an abandonment of the traditional preoccupation with European "attempts" to impose its own model. Aware that the current process of reform within the European Union is problematic, Europeans warned Latin Americans of the dangers involved in copying the European model. This was particularly clear where the introduction of concepts of differentiated integration or variable geometry are concerned. Some expressed a fear that a differentiated integration without a common juridical framework might become a rule for the construction of the Mercosul.

The social problem is another issue that is debated both in the European Union and the Mercosul. In Europe, the existence of twenty million unemployed individuals requires that the European Union make employment and the defence of social rights a priority. Apart from the social impact of unemployment, the current situation may jeopardise European integration itself. It is all the more important to take this into account when the monetarist policies which governments apply to meet the convergence criteria for the establishment of a single currency are seen by many to be responsible for recession and unemployment and diminish the popular support for the European Union. A particular social welfare model historically underlies the process of European integration. Ensuring the support of citizens for the process of integration means that the European Union must preserve the gains of that social model. Without the support of Europe's citizenry, the process of European integration cannot prosper.[25] In the Mercosul, on the other hand, dealing with the social debt which weakens democracies is a priority for the success of the project of modernisation and international affirmation which governs the policies of the countries of the region.

It was clear during the debate in the Fourth Forum that there is a mutual interest in the consolidation of both integration projects. The relationship between the European Union and the Mercosul is paradigmatic in the post-Cold War international arena as the most advanced example of multiregionalism. The success of both integration projects will also permit a greater international equilibrium.

In this context, it is important to know what Latin Americans think about the European project for economic and monetary union. There

was some ambiguity expressed with regard to monetary union both by Europeans and Latin Americans. Despite the clear commitment of all European governments to monetary union, participants were sceptical about the creation of a single currency. Many expressed a preoccupation with the social cost of the project. On the other hand, it was felt that monetary union will increase Europe's international economic clout and act as a powerful deterrent to financial speculation, which in turn would be in the interest of Latin America.

The debate on economic policy and trade relations was marked by the almost unanimous affirmation of the need to preserve the European social model and to introduce a pragmatic liberalism capable of protecting social rights in Europe and of ensuring an adequate development model for Latin America.

The European Union and the Mercosul should support a pragmatic liberalism which more closely reflects the values of socially equitable economic development within multilateral economic institutions. Pragmatic liberalism emerges as an alternative to neo-liberal policies which presided the Washington Consensus. It was noted that international economic and monetary institutions should take into account the social and political impact of structural reform.[26] It should also be remembered that the Washington Consensus was forged when there was scarcity of financial flows and is therefore an inadequate framework to deal with the problems of financial and economic management in times of abundance.

In order to take advantage of the Framework Agreement between the European Union and the Mercosul and to speed up the process of creating a free trade area, the following measures were advocated:

— resolving the agricultural-industrial export dilemma by seeking to increase the Mercosul's export of manufactured goods to Europe; generating incentives for the transfer of technology and emphasising investment, particularly in the private sector.
— seeking agricultural market niches so that interregional trade can increase even before European agricultural policy is reformed;
— institutionalising the interregional dialogue between entrepreneurs as essential actors in the process of economic integration.[27] In this context, the key role played by small and medium enter-

prises both in the European Union and the Mercosul has to be emphasised.[28]

Relations between the European Union and the Mercosul have been essentially based on trade. The existence of common European and Latin American interests, however, make the institutionalisation of a political dialogue on foreign policy and international security a must.

Political cooperation between the European Union and the Mercosul must be based on the common values held by both regions. Democracy and human rights should be the basis for political cooperation as well as priority issues within each region. There is no consensus, however, on how the nineteen states of the Euro-Mercosulian space can contribute to democratic consolidation around the world. A policy of "stimuli and deterrents"[29] seems to garner a consensus among the nineteen, but it cannot be based merely on the principle of political conditionality. It seems difficult but necessary that both regions develop convergent policies in the area of democracy and human rights.

Security is a new area for Euro-Latin American cooperation which appears as rather esoteric to some. Nonetheless, the more that the European Union affirms its role as an international political actor, the more it will seek partners to confront today's security challenges. The absence of institutions for political and security cooperation in the Mercosul and the weakness of European institutions in that area indicate a need to reinforce cooperation between the member states of the European Union and the Mercosul.

The reform of the United Nations and peacekeeping operations, particularly in Sub-Saharan Africa, were noted as important areas for cooperation in the field of international peace and security. As far as the international dimension of internal security is concerned, the key themes for cooperation were seen to be the fight against terrorism, drug-trafficking and international organised crime.

The member states of the Mercosul should be seen by Europe as a nucleus from which to develop political cooperation with Latin America as a whole. Europeans and Latin Americans cannot ignore the United States when engaging in a security dialogue or cooperation. A politically mature dialogue between the European Union and the Mercosul is one which takes the United States into account as an indispensable partner

to advance the agenda regarding most international issues of mutual interest. Europeans and Latin Americans have, on the other hand, a vested interest in a balanced partnership with the United States.

The European Union-Mercosul interregional agenda will undoubtedly widen over the next few years. It will hopefully be less exclusively centred on issues of trade with an increasing focus on political cooperation. New issues such as questions of social justice, industrial and financial cooperation, conflict prevention, humanitarian aid and the consolidation of democratic rule will become a part of the agenda. As the European Union and the Mercosul widen to include new members, the two regional integration processes will reinforce each other as centres of integration and democracy in Europe and Latin America. Given their characteristics and strengths, a dynamic political partnership between these two regions cannot but have a positive impact on the organisation of the international system.