

# The European Union and Latin America towards the Twenty-first Century: Setting Global Rules

Alexandra Barahona de Brito

An EU-Mercosul partnership can contribute to restructure the international system and create *new rules* to govern it. The similarity between the two projects allows them to identify each other as strategic partners in the international arena. For the EU, the Mercosul represents the best opportunity for fortifying links with a "sister" project. The EU does not wish to see the Mercosul "diluted" by the FTAA, but hopes to see the integration process deepened. Open integration projects affirm the need to establish a political balance to shape and moderate the international arena in order to make the primacy of the rule of law and respect for human rights more than a rhetorical reality. Hence the crucial importance of democracy and respect for human rights, the search for a balanced relationship between states and the value attached to multilateralism as the ideal framework within which to resolve international divergences. Multiregionalism allows for the recognition of the identity and value of regional integration processes, gives them a role in shaping the international system and thereby contributes to a more multilateral international system and to the curtailment of unilateral action and single power hegemonies.

The emergence of a multiregional system presupposes that regional integration processes go "beyond trade" and acquire a political dimension and a corresponding institutional framework. It implies the reform of international organizations, so as to permit a more active and coherent role for regional associations, as well as the existence of regulations and institutions that permit the pursuit of common interests. It also implies the mitigation of the logic of unilateralism based on power politics and the existence of a single hegemonic power in the international system. For this reason, a strong relationship between the EU, the Mercosul and the US can boost multilateralism and help the US to remain coherent with the values it claims to defend.

Deep integration projects aspire to go beyond trade and to promote change in the pattern of international relations. This is particularly true of *open integration* projects, such as the EU and the Mercosul, which are based on democracy, pluralism, open economies and the principles of association and shared sovereignty. Integration processes have a somewhat tense relationship with open regionalism, which is leading to a process of "free trade in the making" throughout the world. For integrationists, open regionalism is a threat to progress towards "supranational social cohesion" while supporters of a neo-liberal vision of regionalism view deep integration as a deviation that distorts the rules of global free trade. This dichotomy is partly false, as both open regionalism and deep integration involve the creation of free trade networks and confront the question of how best to serve the interests of social justice. Promoting free trade and improving the competitiveness of companies in a global market is a strategic objective of integration projects, although they must combine this with the maintenance and development of social equity.

As integration projects that aim to go beyond trade, the EU and the Mercosul have a special responsibility to make a concerted effort to discuss the social, moral and ethical content and aims of free trade. Like other regions of the world, both face the challenge of ensuring compatibility between the demands placed upon them as "global traders" and the need to sustain social solidarity. There is a tension emerging between "globalisers" and "globalised" that must be taken into account in order to prevent the detrimental social effects of globalisation. This is particularly true given that globalisation has been accompanied by the emergence of a "single way of thinking" about the global political economy based on an unfettered free market, a vision that can threaten the aim of establishing social cohesion and equity, as well as transnational relations based on solidarity and social justice. If integration does not offer qualitatively better solutions to the problem of social exclusion, why should countries not limit themselves to an "enlightened" form of free

trade? Special efforts have to be made in order to enable integration to make a greater contribution to that aim than mere free trade. It is important that the notion of “capitalist diversity” is maintained and to emphasise that globalisation is compatible with a plurality of regional models of development.

The EU and the Mercosul have a common interest in the promotion of a multipolar world governed by multilaterally determined and universally applicable global "game rules". They have a mutual interest in that all actors, both powerful and weak, work towards a "pact of mutual trust", based on the participatory creation of a new global agenda and regulations. They share an interest in replacing a *pax americana* with a *pax interdemocratica*. The European Union-Latin American-Caribbean Summit is the opportunity for both sides to put forward this vision of biregional relations and to adopt an active agenda for the fulfilment of social, political and economic aims.

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*As the Fifth Euro-Latin American Forum comes to a close, the Institute for Strategic and International Studies is renewing the publication of the Open Integration Newsletter, the last issue of which assessed the debates and outcome of the preceding Euro-Latin American Forum of 1995-1997.*

*The Fifth Euro-Latin American Forum convened in Lisbon in May 1998 to discuss current trends in the relations between the European Union and the Mercosul in the wider context of biregional relations conditioned by the processes of regionalisation, hemispheric free trade and globalisation. The Fifth Euro-Latin American Forum concluded that if Europe and Latin America wish to shape the world in accordance with their shared interests and values, they must create a partnership for the twenty-first century that will focus on the setting of new global rules to govern the international system.*

*This conclusion was put forward in the project's final report which was largely based on the research papers written for the Forum, and on the debates that took place at two preparatory conferences at the Federation of Industries of the State of São Paulo in October 1997 and at the Royal Institute of International Affairs in London in March 1988.*