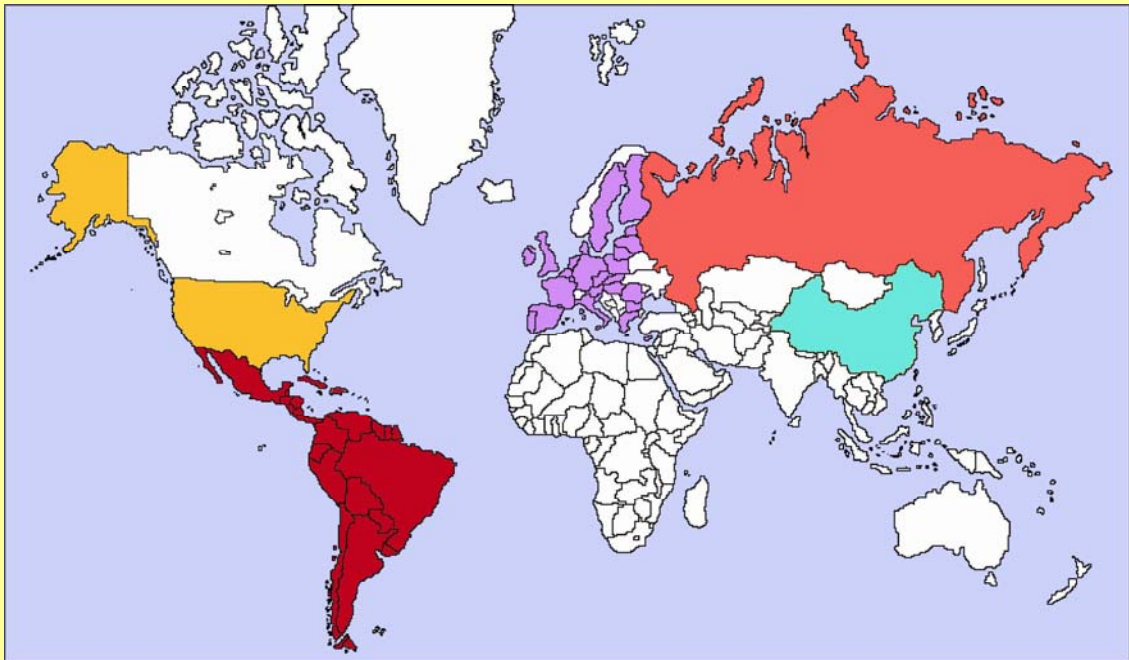


Latin America and the Regional Powers - a synthesis study



EDMÉ DOMÍNGUEZ R. & ÅSA STENMAN

School of Global Studies - Latin American Studies
University of Gothenburg
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Edmé Dominguez & Åsa Stenman
Latin American Studies
School of Global Studies, University of Gothenburg

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1. Introduction

The objective of this report¹ is to, based on the earlier identified trends presented in the studies written in 2008, 2007 and 2006², describe and discuss possible future consequences in terms of security policy, for great powers such as the United States, Russia, China, the European Union and in its extension, Sweden. The study will pay special attention to important conclusions with possible security (policy) implications based on the earlier published reports as well as discussions of possible and plausible changes in the region that could have security (policy) consequences.

2. Earlier identified focal issues and trends

Throughout the four earlier reports we have been working with an analytical framework based on a broad concept of security and development (including economic, political, social and cultural aspects). We sketched an explanatory model which defined a number of areas that we believe are decisive in any analysis of past and future processes of structural change in Latin

¹ This report is commissioned by the Swedish Armed Forces, Försvarsmakten and its focus and limitations are thus defined by the established terms of reference.

² 2008: "Alternative developments in the Andean region 2018-2028", 2007a: "Alternative Developments in Central America and the Caribbean 2017-2027", 2007b: "Brazil and Mexico, The regional powers of Latin America, an analysis of alternative developments 2017-2027", 2006: "Latinamerika 2017-2027, En analys av framtida konfliktmönster och regionalt samarbete"

America. The model was used as a tool in the scenario building and was also important in order to visibilize the normative values behind best and worse scenarios (see Appendix 4).

In the first report in this series, published in 2006, the objective was to analyse alternative future development trends concerning the patterns of conflict and regional cooperation for the Latin American region in the period 2017 to 2027. The report emphasizes the special position and importance of the United States when analyzing both the development and the external relations of the region, whereby the position and power of the US in the global arena will affect Latin America. Considerable attention was also given to the history of colonialism, including the role of England, France, the Netherlands, Spain and Portugal as well as the neo-colonial character of the US policy towards the region. In terms of other global actors, the report discusses how the importance of the role of the Soviet Union in the region increased during the cold war and how China has grown more important in Latin America since the 1980's. Potential regional conflicts were discussed, for example the tensions between Uruguay and Argentina, resulting in Uruguay searching for bilateral free trade agreements with the US, the EU or Asia, as a complement to Mercosur as well as the controversies in CAN due to the bilateral free trade agreements of Colombia and Peru with the US, resulting in the withdrawal of Venezuela from CAN in 2006. In terms of the relation to Asian countries, we have pointed out that besides China, countries like Taiwan, South Korea and Japan have considerable interests, trade and investments in specific countries in Latin America (see also Appendix 2).

Another aspect that is discussed in the scenario building was the possible effects of the growing migration to the US and the rapidly growing share of Hispanics (of all facets and origins) in the US. The relations between the diaspora and the respective home countries reinforce and expand the web of transnational activities at different levels and in different sectors of the societies, for example financial transactions, transports, telecommunications, trade etc. In the medium and long run the growing share of Hispanics in the US will probably alter the political, social and cultural structures in the society which might, under certain conditions, have some effect on policies towards Latin America.

In the first report we also introduced a discussion of the importance of gas and oil resources at the continent and how changed trade patterns related to these resources could affect the

external relations of the Latin American region, perhaps in a diversifying direction (with for example Russia and China/Asia).

We have described and discussed the different models and positions regarding regional integration in the hemisphere. While organizations like Mercosur, Comunidad Andina and SICA (Central America) strive to combine economic and political cooperation the US has promoted free trade agreements, like NAFTA, focused trade and investment. After the failure of the FTAA/ALCA project the US have given priority to bilateral free trade agreement, until now with Chile, Peru and Colombia and the regional CAFTA-DR agreement.

In terms of regional integration and external relations we could identify several different and at least partially, competing agendas or projects; Pan Americanism (spurred by the US and organizations like the OAS) and Latin Americanism (expressed in cooperation schemes like SICA, CAN, Mercosur and Grupo Rio as well as ALBA and possibly UNASUR – for now closer to South Americanism). Later we have also added South Americanism, based on Mercosur and the ambition of Brazil as a regional and global power. We will come back to this discussion later.

Related to the above, we have also discussed the analysis of different security complexes in the Hemisphere. Buzan and Waever (2003) identified two major security complexes; the hegemonic North American (from Canada to Panama) and the South American (from Colombia to Chile). This places Colombia and the Andean region in a borderland and the authors discuss the possible and plausible trend that at least Colombia is in a process of being integrated into the North American security complex, especially in the light of Plan Colombia and similar programs to fight drug trafficking. Buzan and Waever also identify some factors that could prevent or reverse such an expansion which is the stabilizing role of Brazil as a regional power as well as a strengthening of the processes of Latin American regional integration, as opposed to the US dominated Pan American integration schemes.

Brazil & Mexico – the regional powers of Latin America

One of the 2007 reports focused on Brazil and Mexico as the regional powers of Latin America. The conclusions from this report showed that there has been considerable rivalry between the countries for the position of regional leader. However, since the establishment of NAFTA Mexico has become closer to the US and we can see how their foreign policy has

become less independent and less proactive, for example compared to the role Mexico played during the 1980's in relation to the conflicts in Central America. Thus, Brazil has clearly taken the lead, both as a regional power and as a major player in the South-South cooperation, for example as a founding member of the G20 group. In later years we have also observed a certain rivalry between the Brazil and Venezuela as promoters of regional projects (UNASUR vs ALBA) as well as differences in their discourses mainly towards the US (Borges 2007).

Brazil

Brazil has signed cooperation agreements with several countries on bio-fuels and ethanol, among them with the US in 2006. In the case of the FTAA project Brazil has been more reluctant favouring a negotiation strategy based on regional blocks, like Mercosur, instead of individual countries. We observed how Brazil, through MERCOSUR, has developed closer links with the European Union reaching vital trade agreements (Brazil accounts for one-third of the EU trade with Latin America) as well as cooperation on social and political programs reaching to a strategic partnership. We also looked at the links between Brazil and China, both through Mercosur and bilaterally (Ellis 2005:10-11). We could see how the strengthening of China's presence in Latin America disrupted the traditional influence of Washington in the area (Gonçalves 2006:10, Patomäki & Teivainen 2000). Brazil has pursued a consequent strategy to become a major international actor, for example as a founding member of the G20 group together with India³ and South Africa. Brazil also aspires to a permanent seat in a future expanded UN Security Council and is active in peace keeping operations, for example in Angola 1995 and more recently, in Haiti 2007.⁴ Brazil is also the most prominent regional power in South America initiating new regional trade agreements within Latin America (primarily UNASUR), as with the EU and SAFTA (South Asian Free Trade Area) (Jamil 2004). Thus, Brazil is a driving force within a new South-South cooperation and South – North links in the world.

In the report we also mentioned the role of natural resources in Brazilian's policies given the fact that Brazil has the third largest waterpower potential in the world and the sixth largest

³ In the case of India, Brazil has also suggested an India-Brazil Defence Committee to improve the economic and investment ties. The two countries set a trade target of US\$ 10 billion to be achieved by 2010, a four fold increase over present values (www.brazzilmag.com/content/view/8321/54/).

⁴ www.un.org/depts/missions/minustah

uranium sources as well as the rich Amazonas region.⁵ The militarization of the Amazonas (at the beginning of this century more than 20 000 soldiers were stationed in the Brazilian Amazon region) started during the early 1980s and has continued today both as a concession to the military and as a way to control and protect the Amazonian resources but also to fight drug traffickers and other intruders and even an eventual internalization of the region because of the US led war against drugs (Martins Filho & Zirker 2000:115).

Mexico

The relationship between Mexico and the US is complex. Mexico's traditional foreign policy principles of self determination and non-intervention and the US invasion of Mexico in 1848 resulting in the loss of half of Mexico's territory have moulded a thorny relation with the US. However, a certain independent behaviour has been tolerated depending on the external context.⁶ The US has in general chosen to give priority to political stability and business opportunities and consequently supported the existing political system (in practice a one party system up to the year 2000) which guaranteed this. On their part, the Mexican government privileged US investments and trade and appreciated their input in Mexico's industrialization up to the 1970s and efforts to recover the economy after the 1982 and the 1994 crisis.

We examined how the signing of the North American Free Trade Agreement, NAFTA, between Canada, Mexico and the US in 1993 was motivated not so much by the hope of increasing trade as by the desire to guarantee a regular flow of American capital to Mexico. NAFTA has clearly increased Mexico's economic dependence of the US but has not solved the problem of illegal migration (half a million) from Mexico to the US.⁷ After NAFTA Mexico has also promoted similar US endorsed agreements, like FTAA and Plan Puebla Panama, which has not always been appreciated by some other Latin American governments (Maihold 2004: 610).

As an appendix to NAFTA, the North American Security Partnership (NASPA) was established in 2005, with the objective to ensure formally Canada's and especially Mexico's allegiance to the US crusade against all potential forms of external threats. The goal of NASPA being, according to some sources, to establish a North American security perimeter

⁵ Pólo-Anel is a bi-national hydroelectric power station. Pipelines for gas is under construction with the aim to provide energy in a reliable way to reasonable costs. There are also discussions on constructions of pipelines to Venezuela for gas, negotiations with Bolivia and of a closer cooperation between the national oil companies in Latin America.

⁶ For example Mexico's recognition of the Soviet Union in 1919, Mexico's refusal to break relations with Cuba in 1962 and the expropriation of US oil and electrical companies at the end of the 1930s. Especially the latter have led to direct US intervention in other countries in Latin America.

⁷ Migrant remittances have become an extremely important income, nearly as large as oil (Selee 2006:144).

through the strengthening of “intelligent borders”, free mobility of troops for patrolling and the militarization of Mexico’s Southern border are also contemplated.⁸

We also noticed that Mexico post-NAFTA more frequently supported the US in UN debates compared to the period of the PRI government. Some examples of this changed position have been the support of critical resolutions against Cuba at the UN Human Rights committee and the restriction of Cuban presence in the 2002 Monterrey summit on development financing (Maihold 2004: 612-616). Another sign was the negotiation of a “Plan Mexico” (using Plan Colombia as a model) regarding training and equipment to fight drug trafficking and organized crime (www.proceso.com.mx, 5/06/2007). One exception to this pro-American position was Mexico’s hesitancy to support the US’ plans to intervene in Iraq at the UN Security Council meetings in 2002.

Mexico and the EU have signed an association agreement (including free trade) that entered in force in the year 2000. However, the agreement seems to have had little effect so far in improving the trade flows and Mexico’s deficits are rather increasing.⁹ Within the framework of the agreement Mexico has initiated discussions with Italy and Britain on future cooperation in security issues like training, equipment and an exchange of experiences.

Regarding other European, non EU countries, we noticed that, the Russian Federation had expressed its interest of cooperation with Mexico giving way to high level visits like the one of President Fox to Moscow in 2004 and of President Putin to Mexico and other countries in Latin America. Although the trade between these two countries was insignificant in mid 2005 the negotiations started on joint investment plans regarding the production of natural gas.¹⁰ Finally, Mexico has shown a growing economic interest in Asia (by 2006, 22 % of Mexican imports came from Asia) after joining the APEC in 1993 and several free trade agreements had been signed with for example Singapore, China and Japan.¹¹

⁸ A modernization of police and military forces through the sale of equipment and training from the US was also contemplated as part of the anti-drugs campaign which is being implemented today (Carsen 2007).

⁹ Mexican imports from the EU only represent 12 percent of total imports while the corresponding share for exports is about 5 percent (see appendix 2). Mexico also experiences a deficit in the trade with the EU (http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113418.pdf)

¹⁰ Interview with the Mexican ambassador in Russia, December 21st 2004. Radio UNAM and Lukor news: www.lukor.com

¹¹ Asia was Mexico’s second largest supplier, but the total trade balance (INEGI 2007) with Asia was negative which has prompted several complaints from Mexican industrialists against primarily China at the WTO forums (www.proceso.com.mx, 29/03/2007).

Central America and the Caribbean

In the 2007 report on Central America and the Caribbean we pointed out some features that in some sense differs this region from the rest of Latin America, mainly the extent and depth of colonial/neocolonial domination and the number of direct US interventions in the area. Examples of the former are the Spanish-US war over Cuba in 1898, that many Caribbean states gained independence much later than most Latin American countries and that some islands still are a part of the US, Great Britain, France or the Netherlands. Relatively recent examples of US interventions are 1983 in Grenada, Nicaragua in the 1980's and 2004 in Haiti. Central America and the Caribbean could easily be defined as a buffer or transport zone between the South and the North, both in terms of geopolitics and trafficking. The most important external actor for this region is by far the United States for a variety of reasons. Other important actors are the former (or present) European colonial powers, some Asian countries (mainly Korea and Taiwan) and the European Union, especially in the areas of investments, trade and cooperation, although not yet comparable with the US. Cuba and Haiti have been identified as regional focal points that cause hemispheric and global tensions, as well as the US interests in the Panama Canal (which was handed over by the US to Panama in January 2000). During the 1980's, Central America was one of the centers of attention of the Cold War when the US and the Soviet Union supported opposite sides in the existing conflicts in the region. As an illustration of the persistent US influence in this region, we mentioned that Nicaragua, El Salvador, Honduras and the Dominican Republic were the only Latin American countries who responded positively to the President Bush's plea for support and sent military troops to Iraq in 2003. Further, with the launching of the CAFTA-DR free trade agreement in 2006 the Central American member countries tightened their economic relation with the US.

We have also discussed three other processes that could have or already have important spill-over effects to primarily the US, thus affecting the relations between this country and the region of Central America and the Caribbean. First, the emerging HIV/AIDS epidemic which until now has received limited public attention in the region despite the fact that the Caribbean has been defined as the second-most affected region in the world. Second, migration to the US has increased considerably since the 1990's and is a constant point of discussion between the US government and the respective governments in the region, as well as the civil society. Third, drug trafficking from the Andean region to the US increased during the conflictive decade of the 1980's in Central America and the situation is seen as especially serious in countries like Guatemala, Panama, Bahamas, the Dominican Republic, Haiti and Jamaica.

Fourth, environmental degradation and climate change was also discussed as a transnational process. The predicted sea level rise is foreseen to cause severe economic and human damage to many Caribbean islands as well as the low-land areas of several Central American countries. Such a development could also increase migratory flows towards the US and other countries. Fifth, the criminal youth gangs (*maras* or *pandillas*) could also be seen as a transnational problem in terms of trafficking and migration, but not to the same extent as the earlier mentioned factors. Related to the problems of trafficking and considering the history of US interventions in the region, we have also discussed the concern expressed by actors regarding the militarization of the so called war against drugs and terrorism, for example in relation to the launching of the US-led International Law Enforcement Academy (ILEA) in El Salvador and the continuation of the old School of the Americas (SOA) now called WHINSEC (Western Hemisphere Institute of Security).

In the scenario building we analyzed the possible crowding out of food crops production (mainly maize) due to the export of maize as a basis for ethanol production to Europe and the US causing possible future regional famine crisis in for example Honduras, Nicaragua and Guatemala, as well as in some Andean countries. The future of the US blockade of Cuba has also been mentioned as important for the future development of external relation in the continent. The 2007 report concludes that "...Central America and the Caribbean do not, and will probably not, constitute a threat to the surrounding world. Most of the security threats will be local, national or regional problems. However, some of the effects of conflicts, insecurity, poverty and inequality might have a spillover effect to countries outside Latin America, in the form of migratory flows and trafficking of drugs, weapons or humans. This is especially the case of the United States, and is one of the reasons behind the trend of securitization of traditionally non-security related issues".

The Andean region

In the analysis of the Andean region in the 2008 report we reiterated the concern for risks of securitization for example in relation to Plan Colombia and the Andean Regional Initiative and the criminalization of social activism. It also raised special attention to the sometimes competing perspectives and strategies of Pan-Americanism versus Latin Americanism, which we will come back to later in this report. We noticed that due to past migratory flows there are relatively large groups of descendants of German settlers in Paraguay (for example former president Stroessner) and Chinese settlers in Peru. Further, the close ties to the US economy is mentioned in relation to the dollarization in Panama in 1904 and in Ecuador in 2000 (El

Salvador also dollarized their economy in 2001) as well as in trading patterns where the US increased its share of trade with several Andean countries after the structural adjustment programs in the late 1980's. However, Latin American voices have been raised that one of the advantages of the Asian cooperation, as compared to the US or Europe is that the former impose less conditions (Deutsche Welle 09/05/2008). The Comunidad Andina is also actively seeking to widen their cooperation towards the Asian countries, especially with China, India and Thailand as well as with the APEC (see below) and the ASEAN¹² (www.comunidadandina.org, www.indianembassy.org.pe). As a former colonial power Europe has historical ties to Latin America, in the case of the Andean region this is especially true for Spain. The Comunidad Andina and the European Union has been negotiating an association agreement between the two regions that should be signed in 2009¹³. The third negotiation round in Quito in April 2008 revealed asymmetries both between the Andean countries (Colombia and Peru versus Ecuador and Bolivia) and in relation to the European Union. The European countries emphasized the issues of migration and drug trafficking while the Comunidad Andina focused on economic and trade issues. Civil society organizations have criticized the agreement¹⁴ for being an instrument for neocolonial interests to control strategic natural resources through the demands to open up for privatizations of for example water resources. They also point to the asymmetries between European demands of democratization and liberalization in Latin America whilst Europe is enforcing harsher immigration laws and criminalizing migrants (www.comunidadandina.org).

We also discussed the participation in the Pan American organization of OEA/OAS and the more recent participation in APEC where currently Peru, Chile and Mexico are members. Colombia and Ecuador, as well as CAN, are seeking to enter as new members (www.comunidadandina.org)¹⁵. Another related issue is the bilateral free trade agreements between the United States and Colombia and Peru, respectively, and how these have caused conflicts within CAN resulting in the exit of Venezuela from CAN in 2006.

In terms of trading patterns, the 2008 report describes how the US, with 35 percent of CAN exports in 2006, is still the single most important trading partner for these Andean countries. Compared to this, the share of the European Union was 14 percent, Mercosur and Venezuela 5 percent each and China 4 percent.

¹² Association of South East Asian Nations

¹³ At the finish line of this report in June 2009 the agreement had still not been signed (see further on)

¹⁴ See for example Declaration of Enlazando Alternativas III, published on the CAN web site.

¹⁵ They have still not entered due to the prolonged moratorium of new members (see further on).

The OPEC (Organization of Petroleum Exporting Countries) is an important international organization for several Latin American countries; Venezuela is a founding member, Ecuador is also a member while both Bolivia and Brazil are considering joining the organization. The Latin American engagement in OPEC has several times been an issue of concern of the US administration who sees OPEC as an opponent to their own security interests related to future access to this resource.

The 2008 report then discusses in some length the so called Plan Colombia and the Andean Regional Initiative and then especially the role of the US in these two cooperation schemes. In 1998, Colombia became the third largest recipient (after Israel and Egypt) of US military aid and Plan Colombia was launched in 2000 with the support of the Clinton administration. It was complemented in 2001 by the Andean Regional Initiative (ARI), also with major financial support from the US. Both programs focused on drug crop eradication, military assistance, alternative development projects and support to displaced persons. However, the largest part (over 70 percent) was directed to the police and the military. As a result, a number of joint task forces have been set up by national authorities and for example DEA, CIA and the US Southern Command (Pizarro and Gaitán 2006:53-58). After the attacks in New York on September 11, 2001, the Andean countries were allowed to use funds from Plan Colombia and ARI in the counterinsurgency war: “For Colombia, the most significant *official* outcome of the events of September 11 was that it cleared the way for Washington to take on the guerrillas, *who were no longer considered insurgent forces, but terrorist movements financed by drug trafficking*” (Pizarro and Gaitán 2006:61)¹⁶. This development has also led the US Southern Command to pinpoint certain areas in South America as especially vulnerable as a growing ground for terrorist groups due to its inaccessibility and lack of government control: the border between Brazil, Paraguay and Argentina; the borders between Brazil, Peru and Colombia; the border between Colombia and Ecuador (Lake Agrio)¹⁷; the region between Colombia and Panama; and Suriname (Ibid p. 61, 284). Consequently, FARC, ELN and AUC were all defined as terrorist groups by the US and later also by the EU (www.state.gov/s/ct/rls/fs/37191.htm).

According to Pizarro and Gaitán (2006) the level of US intervention in the Andean region (ex financial support, joint military missions in Colombia, air base in Manta/Ecuador¹⁸) is reaching the same levels as in El Salvador and Nicaragua in the early 1980’s and in Vietnam

¹⁶ Plan Colombia Phase II (2007-2013) was launched by the Colombian government in 2007.

¹⁷ Which is also where Colombia intervened into Ecuadorian territory in March 2008 in order to attack a FARC camp.

¹⁸ The Manta air base should be handed over by the US to Ecuador in 2009.

in the early 1960's. However, US officials do not seem to foresee any full-scale US intervention in Colombia, but rather a continuation of the on-going two track policy (counterinsurgency and war on drugs). The option of a joint Pan-American intervention does also seem out of the question at present, due to the strongly diverging views on the Colombian conflict between the different governments in the region (Pizarro and Gaitán 2006:63-64).

The report also discussed the March 2008 incident when Colombia entered Ecuadorian territory in order to strike against a FARC camp, drawing the conclusion that this incident clearly shows the risks that the Colombian conflict implies for the region as a whole. We also believe that it is problematic that the Colombian state was prepared to violate Ecuadorian territory with the clear objective to attack the FARC camp without considerations of whom might die in the attack. As stated by both the OEA and the Grupo Río, this was an obvious violation of international law. Second, it is positive to see how well the regional schemes worked in this situation to mediate the conflict and assist in clarifying what really happened. The meeting of the Grupo Río, a few days after the incident, was decisive in resolving the acute crisis and promoted a climate of dialogue instead of confrontation.

Further, the report analyzed the cooperation in fighting drug trafficking where there are tensions between the US and Venezuela, Ecuador and Bolivia, respectively, who for various reasons oppose the conditions posed by the US related to the bilateral cooperation in the war on drugs. Venezuela has been reluctant to let US military pursue Colombian drug traffickers into Venezuelan territory. In the case of Bolivia both the US and the European Union has criticized the Bolivian government's plan to industrialize legal coca production. Colombia, Peru and Bolivia have been identified as major producers of primarily cocaine, while the surrounding countries have been identified as transit countries to either the North American, South American or European market.

From narcotics, the report went on to discuss possible future refugee or migration flows due to environmental degradation or as a result of conflicts related to scarce natural resources. A report commissioned by the Comunidad Andina concludes that in 2020, 40 million people could experience severe water shortages especially in Quito, Lima and La Paz, due to the melting glaciers in the Andes (www.comunidadandina.org/prensa). Increased stress on the ecosystems can be transformed to national, regional or global security threats or risks. According to Smith and Vivekananda (2008), Colombia, Peru and Bolivia are in the future at risk for armed conflicts due to climate change. Ecuador and Venezuela are at risk for political instability due to climate change in the future (Ibid 2008:28, 60).

Another issue that is currently debated on a global level is the possible conflict between bio-fuels and food crops, especially concerning corn, sugar cane and soya. This is directly related to the Andean region and their closest neighbours. Both Brazil and Paraguay produce soya used for the production of bio-fuels like ethanol, while for example Bolivia is heavily dependent on food imports. A future conflict and trade-off between the use of land and agricultural products for food or bio-fuels would increase the prices and the cleavages between producer and consumer states, regions or different sectors of society.

In the conclusions of the 2008 report we emphasized how the perspectives of what is important also differ from the Latin American side compared to Europe or the US. The present public debate in Europe and North America often focus on drug trafficking and migration (spill-over effects) or lost market shares to the Asian countries while the concerns in the Latin American countries focus more on poverty, inequality, industrialization and independence.

Following up on some of the question marks made in earlier reports we can see that APEC has prolonged their moratorium on new memberships until 2010 thus leaving Colombia, Ecuador and Costa Rica still waiting for a possible entry. Bolivia and Brazil have not yet begun an entry process into OPEC and recently the Brazilian government turned down an invitation formulated by Iran in September 2008. Seemingly, there also exist doubts from Brazil's part whether a membership would favor the country in this still incipient phase of oil exporter (www.energycurrent.com April 20, 2009, www.rgemonitor.com May 12, 2008).

In relation to the Manta air base, the Ecuadorian government informed the US government in July 2008 that it will not renew the lease agreement that expires in November 2009 (www.state.gov Background Note Ecuador, May 4, 2009). Instead, Ecuador is negotiating a lease and cooperation agreement with China and the Hong Kong based enterprise Hutchinson Port Holdings (who also controls both entrances of the Panama Canal). This would be part of the greater plans to construct railways from the Manta air base and port to Manaus in Brazil and possibly high ways connecting with other neighboring countries (www.canadafreepress.com May 1, 2009).

3. Latin America and the United States: Shattered Hopes?

The relations between Latin America and the United States have been extensively discussed in earlier reports and are consequently also highly present in chapter two in this report. Here,

we will therefore focus our discussion on the recent development and on some key issues. With the installation of the Obama administration in January 2009 in the United States there are some indications and a lot of hope, partly due to the promises during the electoral campaign about a new partnership of the Americas that a new era might begin in the US-Latin American relations. President Obama has already signed a law that overturns some of the stricter regulations that the Bush administration introduced on traveling and sending remittances and certain goods to Cuba. Cuban Americans are now allowed to visit relatives on Cuba once a year and the allowed amounts of remittances have been increased (<http://news.bbc.co.uk> March 11, April 17, 2009). The Cuban President has also declared, at the V Summit of ALBA in April 2009, that he is prepared to initiate a dialogue covering all possible issues as long as it is on equal terms (www.rebelión.org April 20, 2009). At the V Summit of the Americas, organized by the OAS, in April 2009, there were pressures from many Latin American leaders to readmit Cuba as a member which was also the decision taken by the OAS General Assembly in June 2009. Technically, the earlier suspension of Cuba as a member was lifted and it is now up to Cuba to decide whether they want to be active in the OAS or not. The United States supported this decision while maintaining its criticism towards the Cuban government in relation to human rights and lack of democracy. For example, Cuba is still pointed out as a state sponsor of terrorism in the US Report on Terrorism 2008 published in April 2009 (www.state.gov). In the same report Nicaragua is pointed out for supporting FARC members by granting asylum in Nicaragua. FARC is still on the US list of considered terrorist organizations. El Salvador, on the other hand, is mentioned as cooperative by for example hosting the so called Comalapa Cooperative Security Location, a regional mechanism of the defence departments focused on counter-narcotics operations. The report also mentions the International Law Enforcement Agency, placed in El Salvador and the fact that the country still maintains military presence in Iraq in support of the US-led forces (www.state.gov).

The coup d'état in Honduras on June 28, 2009 was another occasion where the Latin American countries at least partially could observe a different US policy compared to the Bush administration. The US was relatively firm in its rejection of the coup d'état and, at least initially, in its support to the OAS agenda, headed by general secretary José Miguel Insulza. However, after some weeks it became obvious for most Latin American observers that the US pursued their own agenda which was not necessarily coinciding with the OAS strategy to isolate the de facto Honduran president and demand the reinstatement of the democratically

elected president Zelaya.¹⁹ The coup in itself was a harsh memory for many Latin Americans of the military coups of the 1970s and 1980s with the following repression against oppositional groups. Several of the present leaders also have personal experiences of the old military dictatorships. The development in Honduras also caused an awakening of old tensions and mistrust, especially in Central America. The coup in Honduras showed how fragile the democratization processes are and how many authoritarian structures (for example certain military and oligarchic groups) are still intact despite democratic reforms and progressive governments. In both Guatemala and El Salvador, the development in Honduras increased tensions in the parliaments and between political groups. One of the most frequent opinions among leaders as well as activists was that the coup could not be allowed to succeed because it would imply a green light to similar undemocratic, authoritarian structures in other Latin American countries to do the same when they were against measures taken by the democratically elected government. This is probably also the strongest reason behind the initial massive and total rejection of the coup from all the Latin American presidents.

Another development that has caused confrontation among Latin American leaders and, among some, disappointment with the Obama administration was the agreement between the respective governments to guarantee US military access to seven military bases in Colombia, as a response to the closing of the US military base in Manta, Ecuador (see chapter two). According to the Obama administration this will not imply any drastic increase of US personnel in Colombia referring to the US Congress decision that US forces placed in Colombia should not exceed 800 US militaries and 600 contractors. The main objective is stated to be to support Plan Colombia and pursue surveillance and activities to combat drug trafficking and terrorism (Zibechi 2006, BBC News July 16, 2009 <http://news.bbc.co.uk>). According to Zibechi (2009) the new agreement is part of the US strategy to strengthen its position in the region towards new actors like China and Russia as well as towards increasingly independent regional actors like Brazil and Venezuela, with one eye on the oil in Venezuela and another on the natural resources of the Amazonas as well as the prospects of off-shore oil in Brazil. The agreement has caused tension and several Latin American presidents, among them Lula in Brasil and Bachelet in Chile, have criticized the establishment of the US bases as provocative and counterproductive for the process of integration and stabilization in the Latin American region. The agreement has considerably increased the

¹⁹ Interviews and observations during field visit in El Salvador, June-July 2009. See also for example www.fpif.org article "Behind the Honduran Coup" by Geoff Thale (WOLA).

level of political conflict between Colombia, Ecuador and Venezuela, respectively, including threats of violent military confrontations.²⁰ The situation is quite serious even though we do not believe that the situation will develop into a bilateral armed conflict.

At the moment of this report it is quite difficult to speculate on whether the policies of the Obama administration towards Latin America will be significantly different from those of the Bush administration (even though these two latter developments indicate “business as usual”). The indications so far are quite ambiguous and the present level of confrontation especially in the Andean region, partly as a consequence of US policies, is higher than it has been for a long period.

The US position and actions in relation to Honduras and the bases in Colombia have also caused a crisis in the OEA/OAS. After the Summit in April and the General Assembly in June, there were relatively strong indicators that the process of a more independent and active OEA was developing more or less with the approval of the Obama administration. Now, in August, this situation has changed drastically with severe mistrust and conflicts both with the US and among the Latin American countries. There are even analysts that speculate that the present development could finally cause a virtual break-down of OAS, for example if the ALBA countries would leave the OEA in protest against the impotence of the organization to promote the reinstatement of the democratically elected president Zelaya in Honduras. Anyway, it is clear that the earlier positive vitalization process of the OEA has been halted.

Migration

The migration issue is important primarily for Mexico, Central America and the Caribbean in relation to the United States. Official US census data estimates that there are about 9 million Mexicans, 2 million Central Americans and 3 million Caribbean’s living in the US. Due to the large flows of undocumented migration these numbers are probably quite underestimated (Orozco 2004). As we have seen in earlier reports in the case of Salvadorans living in the US, the quantity estimates oscillate between 656 000 and 2,5 millions – where the latter probably is closest to the real number (PNUD 2005). The journey to the US implies high costs, risks and often debts to be repaid to the trafficker (coyote), creditors or others. Undocumented

²⁰ See for example www.news.bbc.co.uk , www.ircamaericas.org/esp/6360 August 17, 2009 article by Raul Zibechi , www.worldpress.org August 13, 2009 article by Roque Planas, www.commondreams.org August 7, 2009 article by Moira Birss.

migrants in the US live and work under often harsh conditions. The remittances sent back to families in the home countries are of crucial importance especially for the families but also for the governments and the economies as a whole. This is especially true for the smaller countries. In El Salvador, remittances account for 17 percent of GDP and in the Dominican Republic 10 percent. World Bank estimates of remittances per capita in Latin America show Panama in the top with 440 USD followed by El Salvador and the Dominican Republic (Orozco 2004). The rights of the migrants have been negotiated and defended towards the US to different degrees by the involved Latin American governments. The socioeconomic importance of the remittances also turns into a political factor that could be used as a pressure mechanism in the relations between the respective countries and the US as well as internally. This has been observed for example during the electoral campaigns in El Salvador.

Trade relations

As we have discussed earlier, the trade relations between the United States and Latin America are in general quite asymmetric. The overall share of Latin-American goods in the US exports and imports has been decreasing. Mexico is, by far, the single most important Latin American trading partner for the US. The dependence on the US as a trading partner differs a lot among the Latin American countries. In exports, the highest share is found in Mexico, followed by Venezuela (oil) and the Central American countries. In imports, the highest share is once again found in Mexico but in this case the differences are less. The smallest shares are found among the Southern Cone countries and Bolivia. In many of the southern Latin American countries the shares of trade with the US trade is comparable or less than the ones with China and the European Union (see appendix 2).

Current free trade agreements between the US and Latin American countries include NAFTA (Mexico), CAFTA-DR (Central America), Chile and Peru while the agreements with Colombia and Panama are awaiting approval from the US Congress. The US is also a member of the APEC together with Chile, Peru and Mexico (www.ustr.gov).

4. Russia and Latin America: Finding each other again?

In the last years there has been a renewed interest in Russia's approaches to Latin American countries that reminds of the attention paid to these issues during certain periods of the Cold War.

The relationship between the Soviet Union and Latin America from 1919 to the end of the 1980s had different periods but one can safely say that the ideological influence, that is to say, the need to provoke new socialist revolutions in this continent, was never a serious aim. Even the special relationship established with Cuba since the 60s (in a large measure a Cuban initiative to protect itself from further US led invasions) had geopolitical interests, exploiting windows of opportunity, and responding to US manoeuvres (for example American missiles in Turkey) in the Soviet's own "near abroad". (Domínguez 1995) Thus, Soviet interests in Latin America had always a political or economic character, they were cautious (as in the case of the support to the Allende regime in Chile) or strategic, responding to American moves regarded as hostile or threatening, like in the case of Soviet support to the Sandinista government in Nicaragua during the 80s in response to the American support of Afghani Taliban's fighting the Soviet invasion of their country. (Domínguez 1990)

Moreover, the Soviet Latin American policy was quite differentiated regarding interests and countries: geopolitics was paramount in the relation to Cuba and to Mexico (and during the 80s to Central America as already pointed out) but where less clear in the case of South America where economic interests predominated. The Soviet government was interested in developing a fruitful trade with countries like Argentina and Uruguay and to some extent Brazil as these countries offered the kind of primary products the Soviet economy needed. This relation was very profitable for Argentina during the first part of the 80s when the American boycott of grain deliveries to the Soviet Union forced the latter to find alternatives suppliers, but was never satisfactory to Moscow due to the scarce interest of Latin America to buy Soviet goods. There were however exceptions to this failure and that was the case of Peru since the Velasco Alvarado regime and the important orders of Soviet military transports and arms as a result of a temporary boycott of American arms supplies to that country as a consequence of the Peruvian nationalists policies at the time (Domínguez 1991).

If pragmatism and not ideological concerns led Soviet policy to Latin America it's hardly surprising to see the same pattern develop after the fall of the Soviet system. According to Dmitri Trenin, Russia stands among the least ideological countries around the world. Ideas hardly matter, whereas interests reign supreme" (Trenin 2007: 95). Moreover "... Geopolitics is important primarily as it affects economic interests, but not as a guiding theory. Private and corporate interests are behind most of Moscow's major policy decisions, as Russia is ruled by people who largely own it" (Ibid). Thus, what we see from 1993 on and specially in the late years is the same combination of economic and sometimes geopolitical interest responding to Russia's search of expansion of its business range, specially in the field of energy, and to

international politics when Moscow feels threatened by American initiatives in Russia's "near abroad".

From the beginning of 1993 and according to the new draft regarding Russian foreign policy, relations with Latin America were considered as particularly important for Russia's economic development. Particularly Argentina, Brazil, and Mexico were seen as a source of low-price food and other goods for the Russian market, as well as potential associates in mutually beneficial technological cooperation, and as a potential market for arms. During that year Brazil and Russia concluded a trade agreement worth about US\$2 billion including arms purchases by Brazil. This agreement was followed by the tour of Vladimir Shumeyko, speaker of the Federation Council, Russia's upper legislative chamber, in 1994 through Argentina, Brazil, Chile, Ecuador, and Venezuela²¹. Economic relations to Peru were restored later on but the relationship with Cuba proved to be more problematic.

After a first period of resentment because of the Soviet cut-off regarding aid and trade subsidies enacted since the end of the Gorbachev era and the later pressures of subsequent Russian governments to make it repay its debts to Moscow (estimated at 11-20 bill according to Russian sources) the relationship seemed to recover somehow regarding trade and security cooperation (the use of the Lourdes electronic monitoring facility in Cuba) at the beginning of the Putin era (Katz 2006: 3). But the renegotiation of Cuba's debt and the closure by Russia of the Lourdes facility in Jan 2002 provoked new tensions that were not overcome until the January 2007 visit of Prime Minister Mikhail Fradkov (Sanchez Alex 2007). New bilateral trade and economic agreements, covering the automobile, nickel and oil industries, as well as the supply of wheat to Cuba, were signed during the visit by Russian Deputy Prime Minister Igor Sechin in November 2007.²² This "detente" was sealed by President Medvedev's visit at the end of his Latin American tour in late November 2008, the first presidential visit after Putin in the year 2000.²³

²¹ Cuba, Peru and Nicaragua became interesting countries for Moscow mostly in the sense of recovering long standing loans granted by the Soviet state. Nicaragua's debt to the former Soviet Union was eventually cancelled in April 1996 (US\$3.4 billion) (Ibid) and US Library of Congress: Latin America in : <http://countrystudies.us/russia/89.htm>

²² Nov 10, 2008 BBC News, <http://news.bbc.co.uk/2/hi/europe/7636989.stm>

²³ Medvedev held 90-minute talks with President Raul Castro behind closed doors that focused on ways to boost bilateral contacts. ²³ Previously to the visit there was an official announcement of a Russian loan of US 335 million to Cuba for the purchase of Russian goods. "Russia's new presence in Latin America" by Sara Miller Llana – Staff writer and Fred Weir – Correspondent The Christian Science Monitor from the November 24, 2008 edition. <http://www.csmonitor.com/2008/1125/p01s01-woam.html>. That compares with \$300 million in trade for all of 2007.

In spite of this reconciliation Cuba seems to have been replaced by other privileged allies in the area. This is the case of Venezuela, Brazil, Bolivia and some other South American countries. It is no coincidence that these Latin American countries are headed by governments to the left or critical of the US and this fact has boosted several speculations as to the interests lying behind Russia's rapprochement to these countries. However, it is necessary to remember that such a rapprochement is as much these countries' initiative, as is Russia's, especially in the case of Venezuela as we shall see below. Russia is at the same time responding to several events that created frictions in the Russian-US relations, including the U.S.-led intervention in Iraq, the Rose Revolution in Georgia, the Orange Revolution in Ukraine (both of which Moscow considered to have been orchestrated by Washington) and more recently the war between Ossetia backed by Russia, and Georgia (whose government got the support of the US). Finally, this Russian offensive takes place in a context of a Russian economic recovery based on gas and oil reserves but also on the revival of the weapons export industry.

Venezuela has become a key ally in the Russian offensive. But Russia has also become a key associate in Venezuela's ambitions of independence from the US and of alternative allies in the world. Apart from Russia, this search for allies has taken Chavez to such unlike places like Iran. This explains the high level visits in both directions: Chavez' several visits to Russia and Russian presidential visits to Caracas. It also explains that the collaboration between both has centred on agreements involving the intervention of Lukoil and Gazprom to develop Venezuela's gas and oil reserves and to contribute to the construction of one of Venezuela's most important initiatives in the region: the gas line (*gasoducto*) linking Venezuela, Brazil, Bolivia, Argentina and Uruguay. The Russian arms sales to Venezuela and the joint manoeuvres of Russian bombers and naval fleet together with their Venezuelan counterparts are also part of the package.²⁴

Moreover, Venezuela has probably facilitated Russia several contacts with US critical regimes. These contacts have mostly resulted in economic deals in the case of Nicaragua, Bolivia, Peru and to a certain extent Brazil. In the case of Nicaragua, apart from the early cancellation of its debts to Russia already mentioned, a high representative was sent to Ortega's inauguration and later on plans were announced to fund energy projects and increase

²⁴ These amount to more than \$4bn (£2.17bn See: 26 sept 2008: BBC News: <http://news.bbc.co.uk/2/hi/europe/7636989.stm>

trade.²⁵ Nicaragua also supported Russia internationally by recognizing the independence of Georgia's breakaway regions (Abkhazia and South Ossetia).

Following Venezuela's footsteps and within a context of increasing deterioration of its relations with the US, Bolivia finally signed in mid February 2009, several agreements with Moscow regarding energy, defence and drugs. These agreements will permit Gazprom to get involved in the exploitation of Bolivian gas, certain collaboration in the fighting of drug criminality (replacing the former collaboration with the US on these issues, unilaterally suspended by Bolivia) and the purchase of multipurpose helicopters to be based in Cochabamba.²⁶

The relationship between Peru and Russia is perhaps less related nowadays to the US variable and more to former relations established since the 1960's²⁷ (see above). Recently in its come back to the region Moscow signed a new deal with Lima to repair and upgrade Mi-8 helicopters and also to sell new ones (Sanchez 2007). But Russia was also interested in buying Peruvian products like frozen fish and grapes (whose dramatic increase in exports at the end of 2006 was due to increasing Russian demands (Ibid).

But as in the times of the Soviet Union, Russia's main interest has been the bigger countries of the region, especially those in the Southern Cone. And the interest has been in a great measure economic. At the end of 2006 the Russian foreign minister, Sergey Lavrov carried out a South American tour including a two-day visit to Brazil, where he met with the country's president Lula Da Silva and Foreign Minister Celso Amorim. Moreover, Russia agreed to support Brazil's postulation to obtain a permanent seat on the United Nation's Security Council. Political and economic cooperation (especially in the area of energy) have been the issues at discussion.²⁸ Russia's trade with Brazil accounted for half of the total Russian trade with Latin America during 2008 (about US 16-17 billion doll, from US 3 bill in the mid 1990s) (Davidov 2008). Mineral fertilizers make up three quarters of Russian supplies

²⁵ See: US Library of Congress: Latin America in : <http://countrystudies.us/russia/89.htm>) and Russia Builds Ties in Latin America to Challenge U.S.

²⁶ *Xinhua*: Bolivia, Russia agree on energy, military, anti-drug co-op People's Daily on Line: <http://english.peopledaily.com.cn/90001/90777/90852/6594482.html>

²⁷ By the 1980s Peru had become the Soviet's most important customer of Soviet arms in Latin America. The cumulated debt was also renegotiated in favourable terms for Peru who started paying in traditional export items (Dominguez 1995)

²⁸ During this visit Lavrov also signed a memorandum with ministers of MERCOSUR's member states to facilitate political dialogue and economic ties and to hold ministerial meetings on a biannual basis. And not surprisingly energy was also a priority item in the Russian agenda; according to Lavrov "Brazil is interested in our joining in major projects of interregional importance, including a transcontinental gas pipeline, and modernization of railways in the continent". This referred to the Venezuelan-led project to build a 10,000-kilometer pipeline already mentioned above. See Sanchez 2007.

to Brazil (Zaitsev 2007) while Brazil as well as Uruguay and Argentina supply important amounts of meat to Russia.²⁹

Mexico is still a priority interest for Russia but no great advances have been made regarding trade exchanges or economic collaboration although in 2005 there were negotiations on joint investment plans regarding the production of natural gas.³⁰

According to a Russian economic analyst, Russia is particularly interested in cooperation in technological innovation which is still negligible. There is a potential to develop in the areas of fuels and other raw materials, the power industry, metallurgy, the chemical and petrochemical industry, machine building, transport and agro-industrial sector. With Mexico, Chile, Argentina and Brazil there is already cooperation in the field of high technologies regarding the launching of satellites and the upgrading of transportation vehicles and road building machines.³¹ In other words: Russia, who had a very negative record regarding trade exchange with Latin America in the past, wants to overcome past problems and become a real alternative source of technology in all areas but specially regarding energy, transport, and arms. For Moscow, Latin America has an enormous economic potential, not only regarding natural resources (and specially food supplies), but also because of the markets' size and in the present times because of its many US-critical governments. The latter is perhaps temporal but it permits Russia to link geopolitics to economic interests, that is to say, to take advantage of the Latin American US-critical positions to find common grounds with them and to exploit a rapprochement with these countries that can be used as a reply to US advancement in the Russian "near abroad". There is no longer an ideological ambition (although this was never real) but a certain image of Russia as an alternative is still effective. But it is also clear that those countries most responsive to Russian advances have an agenda of their own, like in the case of Venezuela or Brazil and one could ask who is using whom. On the other hand, Russian economic offensive cannot be regarded as contingent to the existence of leftist or social-democratic governments in Latin American, nor to the US-Russia relations, its pragmatism and economic priorities are sufficiently important for it to persist as long as it has the resources to pursue it with whatever kind of governments that arise in the continent.

²⁹ Russia accounted for 21.8 of Uruguay's meat exports in 2006 and it was the main destination of Argentina's horse meat (US 27, 3 million) as well increasing amounts of beef. Russia also became Brazil's main importer regarding meat and pork products. See: Sanchez 2007

³⁰ During 2004 president Fox travelled to Russia and was host to the first visit of President Putin to Latin America. Interview with the Mexican ambassador in Russia, December 21st 2004. Radio UNAM and Lukor news: www.lukor.com

³¹ An Avtovaz assembly plant is operating in Ecuador and Russia is selling helicopters and other aircraft as we have already seen to Mexico, Venezuela, Colombia and Peru. (Zaitsev 2007)

5. Latin America and the emerging global power China

At the international level, China has become increasingly interesting both for businessmen and researchers. The economic development has been impressive and the country is rapidly placing itself in the forefront of trade, investment and development assistance. For many actors China also represent an alternative model of economic policy as compared to Western neoliberal policies. Chinese interests in Latin America (and vice versa) are both economic and geopolitical, and as we will see later, the motives are different in the respective regions of Latin America.

As part of their strategy to advance its positions in Latin America, China has achieved observer status in the OAS and become a member of the Interamerican Development Bank. In addition China has pinpointed four countries; Mexico, Venezuela, Brazil and Argentina; as strategic partners which implies, besides preferential treatment, mechanisms for coordination and conflict resolution instrument, both in the economic area and in related issues. These partners are not only chosen for being large countries with relatively strong economies but also because they are key powerbrokers in the region, as bilateral actors as well as leaders in regional organizations like UNASUR, ALBA or Bancosur, with significant influence over other smaller countries (Ellis 2009:17).³²

The reasons why China is interested in Latin America could, according to Ellis (p. 9) be divided into four main groups: i) import of primary products to strategically support a sustained growth of the Chinese industry, ii) exporting Chinese products where Latin America plays an important role in China's strive to balance the dependency on the US, Europe and Japan, in relation to this the informal markets of Latin America are important (Ibid p. 13-14), iii) to gain political support for the international isolation of Taiwan and finally, iv) securing strategic alliances important to China as an emerging global power. These interests also vary significantly with respect to the different Latin American regions. In the Southern Cone, the Chinese interests focus on the import of oil, minerals and food products (mainly soy) as well as exporting Chinese products. In the Andean region the focus is on importing food products (fishmeal) and oil combined with political alliances. In relation to Mexico, Central America

³² For trading partner patterns, see appendix 2

and the Caribbean, China's main interest is to gain allies in the campaign to isolate Taiwan and to position themselves close to the US market and political interest sphere.

Latin America produces a range of goods that are vital for the rapidly growing Chinese economy including inputs for the industry (for example petroleum and minerals) as well as food products (for example fishmeal, soybeans and vegetable oils) for the growing population. With regard to food products; 80 percent of the Chinese fishmeal imports come from Chile and Peru while one third of all vegetable oils exported by Brazil and Argentina go to China. Latin America has also proven to be a prosperous market for Chinese products through formal channels as well as in the informal market, including contraband products like pirated music and films etc (Ellis 2009:9-14). The Central American and Caribbean countries are in their majority too poor and small to be attractive for the export of Chinese products neither do they have large natural resources compared to the rest of Latin America. However, they play an important role in China's strive to isolate Taiwan since 12 of the 23 countries that have recognized Taiwan as the legitimate government of China belong to the region of Central America and the Caribbean, six in the former (Panama, Nicaragua, El Salvador, Honduras, Guatemala and Belize) and five in the latter (the Dominican Republic, Haiti, St. Kitts and Nevis, St. Vincent and the Grenadines, and St. Lucia). The only other Latin American country that recognizes Taiwan is Paraguay (Ellis 2009:14-15). When Costa Rica recognized China in 2007, the minister of foreign trade explained that one of the most important consequences of that decision would be to gain access to the Chinese market (Ibid p. 24).

When it comes to the discussion on why so many Latin American countries are interested in China, the answers could be many and quite different. In earlier reports we have discussed the objective of some Latin American governments to diversify their trade and external dependencies. Seeking to increase relations with the emerging global power of China and other strong Asian economies could obviously be one path to diversification. Another argument could be that Chinese or other Asian partners pose less conditionalities than for example the European Union when it comes to trade agreements which has also been stated by several Latin American leaders. Yet another, but related, argument could be that China is seen as an alternative model of development. This is discussed by for example Dussel (2008) who points out that in contrast to the modernization and developmental models implemented in Latin America during the 20th century where modernization equaled industrialization to a

large degree, the agricultural sector in China has been maintained as a politically and economically strategic sector parallel with the industrialization process. The Chinese model of industrialization has also implied a much larger role for the State as compared with the neoliberal economic policies implemented in most Latin American countries since the 1980's (Dussel 2008:60-62). However, as Ellis argues (2009:23) the trade relationships that many of the Latin American countries today are developing with China is quite similar to the criticized trade relations with Europe and the United States, characterized, from the Latin American perspective, by the export of primary products and the import of industrial products and consumer goods. Another aspect that also, in some way, questions the possible alternative Chinese model, is the character of the industrial production and the conditions of labor rights. In Latin America, the working conditions in the export processing zones have been strongly criticized by trade unions, human rights organizations and some left-wing political parties. However, Chinese factories have received more or less the same criticism and China has been accused of leading the so called race to the bottom in wages and working conditions³³. Despite this, Ellis (2009) discusses three main motivations for Latin America to seek increased cooperation with China: i) considering the huge market in China, many governments hope that increased sales to the Chinese market could be an important factor to induce export-led growth in Latin America; ii) Chinese investments and cooperation are seen as an alternative to the declining or stagnant foreign direct investment, development cooperation and loans from Europe and North America; iii) and finally, many do see China as a counterpart that could balance some of the traditional dominance of the United States in the Latin American region (Ibid p. 24). Ellis illustrates how this latter point, even though it might be shared by both China and Latin America, probably contains contradictory images. Such divergent presidents as Bolivian Evo Morales, Venezuelan Hugo Chavez and Colombian Alvaro Uribe have made statements directed to Chinese leaders where they praise the qualities of Mao, opinions that are probably not shared by the present Chinese leadership (Ibid p. 30). Related to the discussion above and in order to develop the third point, Ellis also argues that *“China also contributes directly and indirectly to the viability of regimes opposed to US interests in the region”* and exemplifies: a) China is an important buyer of Latin American goods such as petroleum which generates incomes for the government; b) China has been an important investor in countries where Western investors have pulled out, for example in the Orinoco belt in Venezuela and in the Tarapoa oil fields in Ecuador; and c) China has

³³ See working paper and forthcoming article in *Feminist Economics* by Dominguez et al.

contributed advanced technology to some governments, for example a telecommunications satellite operated jointly with Venezuela (Ibid p. 29-30). The expansion of trade will also be dependent on the expansion of physical infrastructure eastwards from the Latin American inlands, for example the earlier mentioned Manta-Manaus-Belem corridor (www.canadafreepress.com May 1, 2009, Ellis 2009:272).

To conclude, it seems rather clear that the Chinese presence in Latin America will increase over the following years. How this affect the Latin Americas countries is less obvious but will also depend on the respective countries' policies toward China and what kind of cooperation they are looking for with China.

6. The European Union and Latin America: upgrading relations and new possibilities

As we have already seen from the reports previously presented the relationship between EU and Latin America has been marked by a noticeable effort from the part of the European Union to become an alternative partner to the hegemony of the US. Moreover, the cultural affinities and the virtues of the social-democratic model have been used by the European community to mould a relationship that although mainly focused on economic interests is presented as more engaged in promoting economic development and democratic stability. And although economic interests such as trade, investment, development assistance, have predominated, political and security issues are indeed present and becoming more important lately, for example, in the area of drug trafficking and control of natural resources.

In general we can identify 4 phases of the relationship Europe-Latin America since the second part of the 20th century up to now³⁴:

- 1.- From the 70s to the 80s: the political aspect of the relationship would predominate in a context of Cold War relaxation. Two key events will affect this renewed relation: the Falkland crisis in 1982 and the armed conflicts in Central America, in the 1980s. Although the first event polarized the positions Europe vs Latin American, the second one contributed to a major presence of the EC in the search of a negotiated solution to the conflict in Central America within the San Jose Dialogue.
2. – the 1990s: at the same time as transition to democracy and the economic restructuration processes in Latin America advanced the increasing privatization trends attract the interest of

³⁴ For the description of three of these phases see Chanona 2008: 66-68

European investors and trade exchanges also increase. For many countries, the European becomes the most important foreign investors.

3.- At the end of the 1990s when the summit meetings start the process of developing a strategic relationship at the political and economic level, based in the common values already mentioned aiming at social cohesion results (anti-poverty projects and policies) and a general governability in Latin America. This is also the period when migration from Latin America grows to important dimensions attracted by job opportunities, especially in Spain.

4.-From 2002 onwards: the securitization of the relationship that apart from the economic links gives special priority to the struggle against terrorism, narcotics smuggling and criminality and recently to illegal migration.

Economic relations

From the 1990s trade and investment relations became the main axis of the EU-Latin American relationship.³⁵ However, trade between both regions has not fulfilled the EU's expectations. After a rapid growth in the beginning of the 90s, it slowed at the beginning of the 21st century: LAC's share in EU exports fell from 6.4 percent in 2000 to 5,1 percent in 2003 and 5,7 in 2007 while LAC's share in EU's imports increased from 5,4 percent in 2003 to 6,2 percent by 2007, with a subsequent increase in the deficit for the EU.³⁶ This deficit is with the whole region at large with the exception of the sub-regions with which the EU's trade is not so important for any of the partners like Mexico and Central America. This is of some concern for the EU as by 2006 LAC represented 5.5 per cent of its overall trade, an important percent in relation to trade with other regions in development, like to the ACP countries which represented 4, 5 percent of EU trade or ASEAN represented about 4.5 percent in 2007.³⁷

On the other hand, this trade exchange plays an important role for Latin America: the EU constitutes Latin America's second trading partner in the world although for some sub-regions

³⁵ "The European Union has gradually strengthened its economic and trade links with Latin America, resulting in trade figures that more than doubled between 1990 and 2005. European Union imports from Latin America increased from € 26.7 to € 70.9 billion, and exports to the region rose from € 17.1 to € 62.2 billion". Also: The European Union is also the most important source of foreign direct investment (FDI) for Latin America. Flows of European FDI to Latin America peaked in 2000, with the total stock of European investment in Latin America growing from € 176.5 billion in 2000 to € 254.2 in 2003 and currently estimated to 287 for 2004. See: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113483.pdf

³⁶ Ibid. http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113483.pdf and for the trade figures with other regions: <http://ec.europa.eu/trade/issues/bilateral/data.htm>

³⁷ European Commission, "Latin America: regional Programming document: 2007-2013". 12.07.2007 (E/2007/1417)

like Mercosur it was the first partner in 2007 (19,6 percent of Mercosur's total trade).³⁸ However the EU's share in Latin American imports has not increased in the last five years and the exports increase is rather modest.³⁹

Although the trade relationship is still a very North-South its importance is reciprocal. That means that the EU is still (2007) importing food, beverages and raw materials (the latter ones together with fuels represent nearly 30% of all EU's imports from the region, food and live animal constitute 26%) and exporting mostly machinery (38,1 percent of all exports to the area, 16,4 percent chemicals) and manufactured goods (12,7 percent).⁴⁰ This is especially true for the case of Mercosur where the export of agriculture products represented about 53 percent of all exports while machinery and transport equipment were 6 per cent each in 2004. On the other hand, Mercosur is a very important supplier for the EU: it accounted for 21, 2 percent of total EU agricultural imports in 2007 and it ranked 8th among EU's trading partners, accounting for 3 percent of EU's total trade. Moreover, as a whole, Latin America's share of total EU imports was 36, 4 percent for food and live animals and 29,4 percent of crude material and mineral fuels.

By the end of the 1990s, the EU was the first major investor in the area, especially in Argentina, Brazil and Chile. By 1998, 10 of the 15 largest transnational corporations and 9 of the 15 major banks in the region were European (Chanona 2008:67). Latin America represents the most important foreign destination of all for Spanish companies, whose profits from this region have played a significant role in promoting economic growth at home. Industrial capital is interested in Latin America because of the continent's rapid process of urbanisation (which increases demand for services), its abundant mineral resources, its oil, its biodiversity and the willingness of the region's governments to privatise resources, ecosystems and public sector companies at very low prices.⁴¹ By the year 2000, 75 percent of all direct investments in LAC came from the EU. (Chanona 2008:67). However, this investment diminished from 2001 (147 billion euros) to 90 billion euros in 2003. This decrease can be linked to the crisis in Argentina that also affected Brazil ((from €120 billion to €67 billion in Brazil and from €50 billion to €18 billion in Argentina between 2001 and 2003) and it is supposed to be cyclical and temporary. (Latin America: Regional *ibid*).

³⁸ EU, Bilateral Trade Relations: http://ec.europa.eu/trade/issues/bilateral/regions/mercosur/index_en.htm

³⁹ EU's share in LAC's total imports was 14,3 percent in 2003 and 14, 9 percent in 2007. As to LAC's total exports, it was 12,3 percent in 2003 and 14,4 in 2007. See: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113483.pdf

⁴⁰ *Ibid*

⁴¹ See Grain Latin America's Free Trade Agreements with the European Union - An agenda for domination: <http://www.grain.org/briefings/?id=211>) and "Latin America: Regional Programming 2007-2013, p. 7

From the above named figures we can see that EU is interested and bound to increase its commitment in both trade and investment possibilities in Latin America, especially regarding Latin America's natural resources. Water provision, forests and mineral resources are promising areas of interest for EU in the present and near future. Of the world's total energy sources, Latin America and the Caribbean have the largest share of renewable energy, 35% — whereas the industrialized countries account for less than 2%. At present, 70% of the region's electric power stems from renewable sources.⁴² Take the case of lithium, a mineral that is key in the production of batteries (essential in the future production of batteries powered cars) and which is found in great quantities in Bolivia 73 million tons—more than half of the world's supplies.⁴³ Several car companies from Europe, Japan, the US and elsewhere are already trying to obtain concessions but the Bolivian government wants investments in this area to be partnerships with a majority of the assets dominated by the Bolivia government. The Amazonas forest is also an area of interest as the investments of Stora Enso in the production of paper in the Bahia state of Brazil, witness.⁴⁴

Other areas of interest for European are financial and other services (telecommunications, telephone, electricity, etc.) and therefore the European insistence in juridical guarantees for their investment. One way is the complying of LACs of regulations established by the WTO, the other, the establishment of association agreements comprising free trade accords.

The EU has developed Association agreements together with a free-trade accord with Mexico (that entered into force in 2000) and with Chile (agreed in 2000 entered into force in 2003).⁴⁵

In general, the results of these agreements are rather poor (see appendix). The association agreement with Mercosur has also failed to concretize due to several obstacles which include the EU's CAP and the issue of patents and copyrights among others. (see appendix) Regarding the Andean sub-region an Association Agreement together with a FTA is currently

⁴² The New Geopolitics of Latin America in <http://www.theglobalist.com/StoryId.aspx?StoryId=3857> and according to the Deutsche Bank: "Latin America has the potential to become a more important exporter of energy resources. This holds mostly for oil and, to a lesser extent, gas". See: "The energy sector in Latin America, key prospects, risks and Opportunities", Deutsche Bank Research, sept 7, 2007. In www.dbresearch.com

⁴³ See: <http://www.businessinsider.com/2009/1/bolivia-is-the-saudi-arabia-of-lithium> and E-24 Näringsliv: http://www.e24.se/bransch/ravaror/artikel_1270727.e24

⁴⁴ However, the strong protests because of the destruction of the environment and the local livelihoods, such exploitations provoke, are illustrative of the contradictions between EU's commitment to development assistance and the search for profits at any cost many European enterprises are involved in http://www.swedwatch.org/swedwatch/arkiv/arkiv_2005/starka_protester_mot_stora_ensos_skogsbruk_i_brasilien

⁴⁵ See: EU Bilateral Trade relations: Mexico: http://ec.europa.eu/trade/issues/bilateral/countries/mexico/index_en.htm and Chile: http://ec.europa.eu/trade/issues/bilateral/countries/chile/index_en.htm Also see: <http://www.rmalc.org.mx/tratados/ue/index.php>

being negotiated but has also run into obstacles that among others include the Bolivian concerns on the issues of intellectual property, privatization and government procurement markets for goods, services and works rules (see appendix).⁴⁶ An Association Agreement with a corresponding FTA is also being negotiated between EU and Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and perhaps Panama, also a traditional development assistance region since 2007) but as with the former regions negotiations are facing some difficulties, non the less because of the latest events in Honduras.

The EU still play an important role as donor for Latin America, especially for the Andean countries (the EU was the largest donor in the region with 713 mill Euro per year)⁴⁷

Migration

During the last decade we have seen a reverse of the trends culminating after the Second World War regarding migration from Europe to Latin America. Although quantitative less than the migration waves from the region to the US Latin American migration to Southern Europe reflect the economic challenges Latin American countries have experienced apart from Southern European favourable visa and dual citizenship policies and stricter American immigration policies in the eve of September 11.

By 2008 most migrants from Latin America concentrated in Southern Europe, mainly in Spain (67,2 percent). Figures regarding migration vary but according to official calculations Latin American migrants in Europe are about 2, 6 million people although there is always a grey zone of illegal migrants.⁴⁸

There are several reasons to the Latin American migration waves: although mostly political in the 1970s (especially linked to the wave of military dictatorships) they soon became linked to economic hardship. The situation of high unemployment and underemployment rates, political instabilities, decrease in social-services spending, and a general disappointment with the expectations of modernization with social justice, political stability and security from state and criminal violence in many countries in Latin America account for the reasons to leave the continent. As to the pull factors: cultural similarities and language affinities, the facilities to enter as tourists without special visa requirements within the Schengen space, special

⁴⁶ See: http://ec.europa.eu/external_relations/andean/index_en.htm and Bolivian newspapers.

⁴⁷ European Commission: External Relations http://ec.europa.eu/external_relations/andean/index_en.htm (2009)

⁴⁸As for other countries: Italy (10, 60 percent), France (6,8 percent),) Portugal (3,42 percent), but also in UK (4, 8 percent) and Germany (4, 2 percent). To Sweden arrive only 0,72 percent of these immigrants. . 1,749 million live in Spain making about 40 percent of all the foreign born population of the country and 18, 849 in Sweden (about 5 percent of all foreign born) Eurostat database y OECD International Migration Database. See also Padilla and Peixoto 2007

agreements between countries (like the one between Brazil and Portugal regarding their mutual immigrants) and the fact that many of these immigrants are descendents of former European migrants in Latin American and can thus claim an European nationality.⁴⁹

Many of these refugees were highly educated and were able to find jobs in their new countries as there was economic growth and an increasing demand of labour in Southern Europe in great part within the informal sector. But there were also working class immigrants, mostly from the Andean countries, that established networks (based on strong family and community links) that helped new waves to arrive. Many illegal migrants found work within construction, agriculture, hospice, catering, and cleaning, often jobs that natives rejected. Recently, this has expanded to traditionally feminine labour niches, such as domestic care for the elderly and domestic and industrial cleaning, thus contributing to a feminization of migration from LAC to Southern Europe in recent years. And also recently human trafficking from Latin America specially focused on sexual services has become established. For instance, it is commonly observed that LAC countries constitute one of the main suppliers of sex workers to Europe.⁵⁰

Securitization of migration and other issues

The sudden increase of migration trends during the last decade has been appraised by EU authorities with apprehension (Guillermo Cornejo, COHA). Already since 2003 Ecuadorians are required visas and since March 2007 the same applies to Bolivians. Despite a pledge at the Lima summit by EU leaders to protect human rights and the right of migration, a July 18th “return directive” points on the opposite direction. Moreover, in October 2008 the European Council with all its 27 members approved a European Pact on immigration that promises tighter controls on migration, improved enforcement and a visa requirement. This was badly received in Latin America and nine presidents protested. President Evo Morales wrote a protest letter to the EU that was widely distributed (Latin American Newsletter), thus making the negotiation of the Association agreements already mentioned, more difficult.

⁴⁹ Spanish is spoken in most of the South and Central American countries as well as in Mexico; Portuguese is spoken in Brazil; and English or French for the various Caribbean islands nations.

⁵⁰ Although the reliability of these estimates is uncertain, they do illustrate that there are well established routes for the movement of women from LAC to Europe and leave open the possibility that trafficking between Europe and LAC has reached significant proportions. Figures which are commonly cited in the literature include an estimated 60,000 Dominican and 75,000 Brazilian women working in the sex industry in European countries. According to press reports, calculations of the Spanish police revealed that in 2000 there were 12,804 foreign prostitutes working in Spain, of which more than half were from LAC countries, specifically, 4,761 Colombians, 1,888 Brazilians and 1,099 Dominicans, see Adela Pellegrino, Migration from Latin America to Europe: Trends and Policy Challenges, IOM, International Organization of Migration, May 2004

Another issue has been drug trafficking. Although the EU's approach differed from the American one in trying to find alternative productive projects in contrast to the bare elimination of crops and the criminalization of all cultivation of such plants, such difference seems to diminish nowadays. The emphases in the joint responsibility of the Latin American governments to stop this traffic and the lack of reflection on the strong European demand as being part of the problem are quite visible in all kind of joint resolutions and within the new association agreements. This together with the fight of organized criminality and potential terrorism are also essential parts of the new agreements. Moreover, this hardening of the European position seems to coincide with the stagnation of certain conflict situations like the one in Colombia where the increase of political kidnappings made the EU representatives start using the term terrorism in reference to the FARC.

In summary; the EU is increasingly interested in the potential offered by Latin America from various viewpoints: first regarding natural resources and raw materials, thus the EU's emphases in intellectual property and patents, but also in relation to trade and investment.⁵¹ Such interest has taken the form of Association agreements including FTAs. This interest is understandable in the context of an EU engaged in transforming former assistance relations into commercial ones (the EPAs with ACP countries) but also because the general stagnation or even relative decrease of its trade with its most important partners: Mercosur, Chile and CAN with which the EU also holds deficits. EU's trade has modestly increased and holds a superavit only with the EU's least important partners in the region: Mexico and Central America (the closest partners to the US). However, volumes here are still rather insignificant for the EU. On the other hand Association agreements are not so easily reached as the case of Mercosur's and recently the case of CAN may show. Moreover, new nationalistic trends in Latin American (not the least from the left orientated regimes in Bolivia and Venezuela) and the new integration patterns this nationalism is delineating (for example ALBA and UNASUR) may rise new hinders to the exploitation of the resources the EU is most interested in. These obstacles may become even stronger if the EU continues in the pattern of securitization and exaggerated protection of its economic interests that have already created so much resentment within Latin America.

⁵¹ Thus the emphases on intellectual property like the demands to adherence to UPOV Convention 91, a form of appropriation that is very similar to a patent. See: Grain, Latin America's Free Trade Agreements with the European Union - An agenda for domination..

7. The relations Latin America-Sweden: Implications?

This question should be discussed in two layers. Sweden is member of the European Union and as such an integral part of the EU policies towards Latin America and vice versa. But, for this report it is also relevant to discuss the bilateral relations between our country and the Latin American region, as well as individual countries. The relations between Sweden and Latin America could roughly be divided into three large areas; political, economic and the social (development assistance).

The political area is especially characterized by what is internationally known as the Swedish model; the image of a welfare state with an active foreign policy defending human rights, democracy and the self-determination of nations (for example in the case of Chile, Argentina and Uruguay in the early 1970's and Central America in the 1980's). This model, or image, has historically been a source of inspiration for many progressive regimes and movements in Latin America and other parts of the world. This model also became the concrete example of the "middle way" between right and left: social transformations through peaceful reforms, sometimes in apparently sharp contrast to many revolutionary movements in Latin America. The Chilean president Allende was inspired partly by the so called Swedish model during his brief stay in power. This image combined with a generous policy of asylum led to the arrival of rather large groups of exiled Latin Americans to Sweden during the 1970's and the 1980's. One consequence of this development is that many of the present Latin American leaders, politicians or businessmen have a personal relation or experience of Sweden. Thus, it could be said that the Swedish model also has played a role in the criticism and resistance to the neoliberal policies frequently implemented in Latin America since the mid 1980's. Some analysts have also pointed out that Sweden has, as far as it seems, taken very little advantage of this special relation that exists with many present leaders in the region.

In relation to the second, economic area, trade and investments have grown in importance since the 1970s and is presently the most visible profile of Sweden within Latin America. As in the case of other European corporations the largest Swedish transnational companies, like Volvo, Saab Scania, Elektrolux, Eriksson, Stora Enso, have been interested in increasing their presence in Latin America for several reasons: access to the North American market through NAFTA when investing in Mexico, access to valuable and plentiful raw materials in the region, access to a huge consumption market of several hundred million people in the continent and last but not least the neoliberal policies in Latin America that have opened up

their markets to new products and investments and privatized state companies opening interesting areas for foreign direct investment, for example in telecommunications and transports.

In the year 2007 Latin America received 2,1 percent of total Swedish exports, which places the region below for example Spain or Poland but above Russia and China. The most important individual countries were Brazil, Mexico, Chile and Argentine. The single most important Swedish export product has for several years been telecommunications material (especially in the case of the emerging importers of Swedish products). Other important products are car components (mainly Brazil), medicine (especially to Mexico), iron and steel as well as energy components, chemicals and paper products (Utrikesdepartementet 2008:2-4). It should be important to remember that a considerable part of the export probably is input to assembly plants partially or totally owned by Swedish companies. Sweden has traditionally a trade surplus with Latin America. Brazil is the only individual country that is included among Sweden's 35 largest import markets. The largest surplus is with Mexico. The products Sweden import from Latin America is quite varied and includes industrial goods (mainly from Brazil and Mexico), food (mainly coffee and bananas), copper and petroleum products (Venezuela). The largest individual countries for Swedish imports from Latin America are Brazil, Chile and Venezuela (Ibid p. 6).

Swedish foreign direct investments in Latin America are concentrated to Brazil (about 220 Swedish companies with approximately 48 000 employees), Mexico (around 100 companies among which Ericsson recently celebrated 100 years in Mexico), Argentina (approximately 30 companies, the oldest being Alfa Laval whose been 90 years in the country), Chile (about 20 Swedish companies, Peru (around 30 companies) and Colombia (approximately 20 companies) (Ibid p. 9-12).

Finally, in terms of the social area, the Swedish development assistance has, for obvious reasons, focused on primarily other countries than those attracting investment in Latin America. Another aspect is that Latin America has traditionally been a more limited region for the Swedish development assistance compared to Africa or Asia. However, during many years during the 1980's and 1990's several Latin American countries where important counterparts in the Swedish development assistance, for example Central America (mainly Nicaragua), Bolivia, Peru and Colombia. Swedish support has often had a positive reputation

for supporting human rights and conflict resolution measures in for example Central America and Colombia. In the 2007 assistance figures, Latin American was the 3rd recipient in decreasing importance after Southern Africa, Asia, the Middle East and Northern Africa, and more or less in the same position as Eastern Europe. In recent years Sweden has been scaling down assistance to Latin America and withdrawing offices from several countries, for example Nicaragua and Honduras. Bolivia, Guatemala and Colombia remain as important counterparts (www.sida.se). This might imply that the earlier image of Sweden as the generous, solidarity inspired donor weakens and the alternative image corporative Sweden focused on economic interests strengthens. Moreover, if the present nationalistic and polarizing trends in Latin America persist the change of image Sweden is offering will certainly affect the kind of policies Sweden may have to confront in Latin American in the middle and long term. Which might in turn (this is however quite speculative) erode some of the possible advantages that Swedish companies might have had as a consequence of the reputation of the so called Swedish model.

8. Concluding comments

As we have stated repeatedly, Latin America has, ever since the colonization, been exploited for its richness in natural and human resources. This continues to be the main interest of the absolute majority of foreign countries and actors that approach Latin America, whether it is China, Russia, Europe, United States or someone else. However, the United States, besides this reason, has also since 1823 (the Monroe doctrine) defined Latin America as part of its own national security sphere. As we have seen in this and earlier reports this is especially true for the countries closest to the US but also for the Andean region.

Latin America with its 5,6 billion inhabitants is as heterogeneous as other regions of that magnitude. However, as we have seen they share, to a larger or lesser degree, certain common characteristics and heritages. We have throughout these studies tried to pinpoint three of the most important: inequality and poverty; lack of democracy and weak states; militarism and authoritarian culture. Our objective have been to describe and discuss how these underlying conditions are basic in the analysis of many of the serious social, political and economic problems that are observed in Latin America; insecurity, criminality, violence, corruption, environmental degradation and others.

In this context it would be important to underline, as we have done before, that the Latin American countries should not be seen as victims. The problems that exist have both external and internal causes and the countries are actors on both the regional and global arena with their own agendas, strategies and initiatives. That is also why we, despite the specific objectives of these reports, have tried to give alternative perspectives (to the Swedish or Western one) to different issues discussed, for example the infected debates of coca production or the Latin American critique of European and US migration policies.

In terms of external relations we have argued that Latin American countries would probably benefit both economically and politically from more diversified external relations and from more cooperation and integration between the countries themselves. Based on the discussions in this report we believe that it is quite clear that neither China nor Russia or the European Union have basically different interests in Latin America than the United States but that the diversification of relations and dependencies per se is something positive for Latin America. However, there could be exceptions, such as partners that induce deteriorations in earlier progress in terms of environmental protection or labor conditions and rights, increased exploitation leading to more poverty and inequality or the transnationalization of criminal organizations. China has been accused of generating some of these adverse effects but in that case China would probably not be the only responsible for such problems.

We would argue that regional integration projects such as Mercosur, SICA, CARICOM, Comunidad Andina, Grupo Rio, ALBA, UNASUR as well as the OEA/OAS, all have an important potential to promote dialogue and conflict resolution mechanisms. This has been clear in relation to several of the incidents during 2008 and 2009. However, in these incidents, discussed in this or earlier reports, it has also been obvious that the United States still plays an active role in many of the conflicts in the region and that their actions are crucial to begin to resolve many of the problems. Here, other international actors could play an important role in pressuring the US to take that responsibility, which sometimes simply means withdrawal.

What are then the implications for Sweden and the European Union? This is not an easy question to answer. We have discussed it here and in earlier reports. As before, we would conclude that in the case of Sweden and Europe the security implications of the development in Latin America would primarily be so called spill-over effects, which nowadays perhaps rather would be defined global effects or transnational processes. One is definitely the

environmental degradation which could cause both conflicts in Latin America with spill-over effects to Europe as well as direct or indirect effects on the environment in Europe. Another is the transnationalization of criminal organizations and trafficking. This is an on-going process where we have also pointed out the risks of excessive securitization of the issue leaving behind the analysis of the underlying causes and measures to deal with these and not only the symptoms. From the Latin American perspective this could also be a problem in relation to Chinese contraband products and Chinese (as well as Russian or European) criminal organizations. In economic terms, Sweden and Europe could be affected negatively by a deteriorated security situation in Latin America through the possible scarcity of products earlier imported from or produced in Latin America, for example oil or copper. Swedish companies could also risk losing earlier made investments.

Considering our discussion in the first part of this section it should therefore be in the interest of Sweden and Europe to contribute to resolving the underlying causes of primarily environmental degradation and the transnationalization of powerful criminal networks and illegal trafficking.

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Appendix 1: Acronyms

ALBA	Alternativa Bolivariana para las Américas
ALCA/FTAA	Área de Libre Comercio de las Américas
APEC	Asia-Pacific Economic Cooperation
CAFTA-DR CAN	Central American Free Trade Area (DR-Dominican Republic) Comunidad Andina/Andean Common Market
CARICOM	The Caribbean Community and Common Market
CEPAL	Comisión Económica para América latina (also ECLAC)
DEA	Drug Enforcement Agency (US)
INCB	International Narcotics Control Board (also JIFE)
MERCOSUR	Mercado Común del Sur/Common Market of the South
NAFTA	North American Free Trade Area
NASPA	North American Security Partnership
OEA/OAS	Organización de los Estados Americanos
OPEC	Organization of Petroleum Exporting Countries
PAHO	Pan-American Health Organization
SAFRA	South Asian Free Trade Agreement
SICA	Sistema de la Integración Centroamericana
TIAR	Inter-American Treaty of Reciprocal Assistance
UNASUR	Unión de Naciones Sudamericanas
UNDP	United Nations Development Program

Appendix 2: Trading partners

Share of selected LA countries trade (%) with US, EU, Russia and China

A. Exports					
	US	EU	Russia	China	Others Non-LA
Argentina	7,8	17,6	x	9,3	
Brazil	15,8	25,1	x	6,7	
Chile	16,0	27,5	x	8,8	Japan 10,8, Korea 6,1
Bolivia	8,6	7,9	x	x	Japan 8,5
Colombia	35,4	15,2	x	x	Switzerland 3,0
Venezuela	48,8	8,1	x	x	
Guatemala	42,6	5,4	x	x	
Costa Rica	42,5	17,8	x	7,7	Hong Kong 7,2
Dominican Rep.	40,2	18,8	x	x	Korea 3,7, Canada 2,4
Jamaica	37,2	26,8	3,4	3,1	Canada 15,0
Mexico	82,2	5,3	x	x	Canada 2,4
B. Imports					
	US	EU	Russia	China	Other Non-LA
Argentina	11,9	16,7	x	11,4	
Brazil	15,7	22,2	x	10,5	Nigeria 4,4
Chile	16,0	15,0	x	10,0	
Bolivia	11,7	9,1	x	x	Japan 9,4
Colombia	26,2	12,4	x	10,1	
Venezuela	24,2	10,5	x	5,4	
Guatemala	34,1	7,6	x	5,7	
Costa Rica	39,6	13,7	x	x	Japan 5,3
Dominican Rep.	44,8	10,9	x	x	Japan 3,9
Jamaica	40,4	6,7	x	x	
Mexico	49,8	12,0	x	10,5	Japan 5,8, Korea 4,5

Source: WTO 2008, authors' tabulations

x = share is too small

Appendix 3: Comparative Human Development Indicators

	Population Million	HDI value year 2005	Life expectancy years	GDP per capita USD 2004	Poverty % below 2 USD per day	Gini index	Homicides per 100000 people
Latin America & Caribbean	5576,6	0,803	72,8	3755	nd	nd	nd
Sweden	9,0	0,956	80,5	38525	nd	25,0	2,4
United States	299,8	0,951	77,9	39883	nd	40,8	5,6
Russian Federation	144,0	0,802	65,0	4042	12,1	39,9	19,9
China	1313,0	0,777	72,5	1490	34,9	46,9	2,1
Argentina	38,7	0,869	74,8	3988	17,4	51,3	9,5
Mexico	104,3	0,829	75,6	6518	11,6	46,1	13,0
Brazil	186,8	0,800	71,7	3284	21,2	57,0	nd
Colombia	44,9	0,791	72,3	2176	17,8	58,6	62,7
Nicaragua	5,5	0,710	71,9	847	79,9	43,1	12,8
Bolivia	9,2	0,695	64,7	974	42,2	60,1	2,8

Source:UNDP, Human Development Indicators (www.undp.org)

Appendix 4: An outline of the explanatory model used in earlier reports

Security & Future Conflicts	= External Relations	+ Regionalization/ Strategies of Integration	+ Inequality/ Distributional policy	+ Democratization	+ Organized Criminal Networks	+ Militarization/ Methods of Conflict Resolution	+ Environmental stress and degradation
a) <i>worst case scenario</i> - Increases the risk for conflicts	a) US hegemonic, interventionist, weak external relations with others	a) globalization, integration based solely on market economy principles, asymmetry and imbalances increase	a) minimal policy measures	a) "electoral democracy", Institutional framework cracking down, confrontations with civil society	a) organized crime widespread and transnational, its strength equals or replaces the state	a) conflicts are resolved by force/coercion	a) Water scarcity, environmental degradation cause social crisis that is met by violence of the state
b) <i>best case scenario</i> - decreases the risk for conflicts	b) US non-hegemonic, wide range of relations with others	b) regional integration from below, objective to balance asymmetries and decrease socio-economic differences	b) active policy for more equal distribution	b) participative democracy, institutional framework strengthened, active policy to improve social rights, active dialogue state-civil society	b) organized crime successfully limited through reform policies and regional cooperation	b) conflicts are resolved by dialogue and negotiations	b) Preventive policies, regional cooperation have limited the effects of environmental degradation, social stress met with dialogue and cooperation
c) <i>mixed scenario</i>							

Appendix 5: The Association Agreement EU-Latin America (an extended discussion)

The Association agreement of 2000 with Mexico comprised the guarantees for investments that had been so criticized in the frustrated MAI (Multilateral Agreement on investments) Regarding the effects of these agreements although volumes have doubled since 2003 for the case of Chile, in percentage the results are not so impressive: while in 2003 EU's share in Chile's imports was 17.2 percent in 2007 this had diminished to 13.7 percent with a deficit for EU of 7,9 bill Euro in 2007 . The EU's share in Chile's exports remained the same: (23.5 in 2003 to 23.8 in 2007). For Mexico, this trade agreement has not shown dramatic changes: EU's share in Mexico's imports increased from 10 percent in 2003 to 12 percent in 2007 while EU's share in Mexico's exports increased from 3.5 to 5.5 percent. Mexico reported a deficit of 9 billion Euros also in 2007⁵²

Given the importance of Mercosur for the EU and vice versa one would have expected that a FTA between both regions could have been established long time ago. Although negotiations for an inter-regional Association Agreement were launched since the spring 2000 and 16 negotiating rounds have been conducted no agreement has been reached. One of the obstacles has been EU's CAP and another one, the insistence from the part of the EU on the agreement on patents and copyrights as this agreement is to cover goods and services, investment and government procurement markets for goods, services and works. There are obstacles as to the timing and content of the liberalization of trade with Brazil being especially sensitive to the industry liberalization and the EU to the agriculture one (Poletti 2007: 272-274). The parties have also decided to wait for the outcomes of the WTO Doha development agenda. As to the trends in trade exchange we can notice no increases in relative terms (percentages) since 2003 and up to 2007.⁵³

As already mentioned in the Andean Report three negotiations rounds took place and a 4th planned for July 2008 was cancelled because of problems around intellectual property, privatization and government procurement markets for goods, services and works rules. The European Commission's "returning directive" concerning migration also played a part in this cancellation (see below). It seems that these issues divided the CAN members: Colombia and Peru being more inclined to accept the EU demands while Bolivia and Ecuador were more critical. Such division provoked a prompt reaction from the EU negotiators that threatened to

⁵² See: EU Bilateral Trade relations: Mexico: http://ec.europa.eu/trade/issues/bilateral/countries/mexico/index_en.htm and Chile: http://ec.europa.eu/trade/issues/bilateral/countries/chile/index_en.htm Also see: <http://www.rmalc.org.mx/tratados/ue/index.php>

⁵³ http://ec.europa.eu/trade/issues/bilateral/regions/mercosur/index_en.htm

continue the negotiations bilaterally. Such threats seem to have had an effect: by the beginning of January 2009 these disputes seem to have been removed and the negotiations continued.⁵⁴ Although the main character of the relations between EU and the Andean countries has been assistance aid and support for the struggle against drug production and drug trafficking trade has also been important for the Andean community. EU is the second trade partner and first investor in the region specially focusing the financial services, mining, oil extraction and manufacturing sectors. Thus the exploitation of minerals like lithium is of critical interest for Europe. As we have already mentioned natural resources and raw materials as well as agriculture and agro-industry constitute about half of EU's imports from the region. The exchanges have been facilitated by the fact that the EU grants the Andean countries preferential access to its market under the EU's GSP, General System of Preferences. However, the importance of this trade for the Andean countries in percentage to their total trade has decreased.⁵⁵ This trade exchange, as the one with Mercosur shows a deficit for the EU of about 4,5 billion Euros and it has doubled since 2003.⁵⁶ This was perhaps one of the reasons that made the EU launch negotiations for an Association agreement with CAN to boost trade and investments in the region in 2007.

The negotiation for an Association agreement between Central America and EU was launched after the EU-Latin American 2004 summit. The negotiating rounds were to end this year but due to the events in Honduras it is not sure the planned schedule will be fulfilled. Although trade flows between these regions is still modest, EU is the second trading partner of Central America (9 percent of its imports and 18 percent of its exports in 2007). In contrast to the situation with CAN and Chile the relative importance of EU has increased for Central America: in 2003 the share of EU in Central American exports was 8,6 percent while in 2007 it had reached 10 percent. As to exports this share went from 10,3 percent in 2003 to 16,4 in 2007. Interesting enough this trade has showed a deficit for Central America during this period to the exception of 2006 when there was a surplus. Moreover, regarding trade in services the EU has a deficit in its exchanges with this region (575 mill Euros in 2007).⁵⁷ According to a report elaborated by ECORYS concerning the impact and sustainability of an agreement the results would be positive to both partners although in the short term salaries in

⁵⁴ See: http://ec.europa.eu/external_relations/andean/index_en.htm and Bolivian newspapers.

⁵⁵ in 2003 the share of EU in CAN's imports was 17,5 percent and in 2007 it had decreased to 12, 18 percent while the EU share of CAN exports was 18,14 percent in 2003 and 16, 6 percent in 2007.
http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113469.pdf

⁵⁶ http://ec.europa.eu/trade/issues/bilateral/regions/andean/index_en.htm

⁵⁷ See ECORYS, Evaluation of the impact and sustainability of an Association Agreements to be negotiated between the European Union and Central America. Trade08/C1/C14 & C15-lot2.

Central America would perhaps suffer, specially in certain countries like Panama. Also, food sovereignty would suffer as the use of land for grains and cattle would give way to the cultivation of vegetables and fruit for export (Ibid). Fish production would also decrease.