

LATIN AMERICA AND
INTERNATIONAL TRADE:
Regionalism and Beyond

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LATIN AMERICA IN A CHANGING GLOBAL ENVIRONMENT. Edited by Riordan Roett and Guadalupe Paz. (Boulder, CO: Lynne Rienner, 2003. Pp. 243. \$45.00 cloth.)

THE EUROPEAN UNION, MERCOSUL AND THE NEW WORLD ORDER. Edited by Helio Jaguaribe and Alvaro de Vasconcellos. (Portland, OR: Frank Cass, 2003. Pp. 247. \$64.50 cloth, \$26.50 paper.)

EAST ASIA AND LATIN AMERICA: THE UNLIKELY ALLIANCE. Edited by Peter H. Smith, Kotaro Horisaka, and Hoji Nishijima. (Lanham, MD: Rowman and Littlefield Publishers, 2003. Pp. 432. \$80.00 cloth, \$29.95 paper.)

TRADE NEGOTIATIONS IN LATIN AMERICA: PROBLEMS AND PROSPECTS. Edited by Diana Tussie. (New York: Palgrave Macmillan, 2003. Pp. xiv+221. \$70.00 cloth.)

GREATER AMERICA: A NEW PARTNERSHIP FOR THE AMERICAS IN THE TWENTY-FIRST CENTURY. By L. Ronald Scheman. (New York: New York University Press, 2003. Pp. 307. \$35.00 cloth.)

When at the beginning of the 1990s Latin America left debt crisis and dictatorships behind it, a new chapter started for many Latin Americanists as well. The transformation towards, or restoration of, democracy in various societies of the Western Hemisphere became the next phase in the careers of many scholars. At the same time a new type of expert entered the field of Latin American Studies: the trade specialist. The 1990s became the decade of the so-called "Washington Consensus" and of "Open Regionalism," setting off a whole process of financial

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and economic transformation within and between Latin American countries. The new type of Latin American analyst focused on emerging, or re-emerging, trends in different parts of Latin America of trade liberalization and regional economic integration. Often presented as part of the same package of reforms identified as the Washington Consensus, trade liberalization and regional integration were actually stimulated in Latin America by both endogenous and exogenous factors.

Within Latin America previous decades had seen a variety of pan-American or subregional initiatives aimed at creating free trade areas or common markets within sections of the hemisphere. Some succeeded, such as in the Caribbean; others, after eventful starts in the 1960's, like the Andean Pact or in Central America, faltered under the burden of the unruly economic and political decades that followed. However, until the ideologically-driven ISI (import substitution industrialization) outlook of many of the participating countries was abolished, no real opportunity existed for opening borders or widening regional trade relations. The end of international tensions created by the Cold War, the rise of new ideas in developed economies based on market deregulation and trade liberalization, as well as a new interest in so-called export-driven "emerging" economies or NICs (Newly Industrializing Countries), all allowed for renewed strategies in Latin America under the justification of the Washington Consensus, but all aimed at regional economic integration and trade liberalization. This was achieved either through bilateral approaches, as pursued by countries like Mexico and Chile, or through subregional initiatives, such as the Mercosur process or the revived Andean Community. Thus, the beginning of the 1990s saw a revival of regional integration strategies in Latin America, driven mostly by Latin American countries themselves.

Outside of Latin America a number of important factors contributed to the opening up of Latin American markets, either by involving them in a wider type of extra-regional trade integration process, or by trying to strengthen their own indigenous processes of integration through political and technical assistance, and through development aid, often based in the contributing countries on a mix of idealism, political calculation and plain commercial interest. The main protagonists for these exogenous factors were the United States and the European Union (EU), with President George H.W. Bush's Enterprise of the Americas initiative and President Clinton's Free Trade Area of the Americas proposals being the most pronounced attempts in recent years to access Latin American markets and integrate them with the U.S. economy. On the other hand, the European Union, partially driven in its policies towards Latin America by a mix of interests representing Spanish, French and Italian investors and German and British industrialists, took initiatives favorable to regional economic integration within Latin America's

subregions and between these regions and the EU itself. This led to the EU's free trade agreements with Mexico (2000) and Chile (2003), attempt to conclude a free trade area with Mercosur before the end of 2004, and the pre-negotiation track pursued with the Andean Community and the Central American countries. With these exogenous factors pushing Latin America towards (extra-) regional integration, the endogenous processes already going on were often consolidated and/or strengthened. The U.S. and EU attempted through their strategies to tie Latin American countries to processes of trade integration that were taking place in their own regions, namely NAFTA for the United States (1994) and the completion of the Single Market for the European Union (1993).

Latin Americanists specializing in the above field of scholarship often followed the pathways set out by trade negotiators and government officials from the participating countries in Latin America, or from their external partners the United States and the EU. Sometimes these new Latin Americanists created pathways that negotiators attempted to follow. Over the past fifteen years this has led to an interactive process of exchanges, including ideas and people, between trade negotiators and academic trade specialists, which often share common political concepts and interests. Together these actors represent informal semi-official networks, often (informally) linked to the interests of a specific player, or set of players, in the hemispherical integration process. This essay will try to look at the latest state of scholarship and discussion within a number of these informal networks, some of which have been active for nearly the whole fifteen-year period of Latin American integration. This latest state of discussions is reflected in five works published in 2003.

Nearly every book, except for Scheman, is a collection of essays contributed by core members of a network, supplemented by a number of invited guests or outsiders. Each provides its own particular focus, in terms of outlook on the Latin American integration process, the political and economic interests tied up in it, or the objectives being pursued by the governments involved. Nearly all try to provide a post-September 11 slant to their publication, though in a number of cases (Smith, Tussie, Vasconcellos) the project was already started before the tragic events of 2001 took place.

Riordan Roett is a renowned specialist on Brazilian, Mercosur and Mexican issues, based in The Paul H. Nitze School of Advanced International Studies (SAIS) at the Johns Hopkins University in Washington, D.C., and has over the years been quite prolific in regularly collecting and publishing opinions of scholars and officials on a variety of Latin American and Mercosur issues. His latest collaborative work with Guadalupe Paz, representing a mix of mainstream thinking mostly

derived from scholars based in the Washington, D.C. area, with the notable exceptions of Carol Wise at the University of Southern California, Alison Brysk of University of California–Irvine, Roberto Russell based in Buenos Aires, and ex-IRELA² official Wolf Grabendorff nowadays based in Bogota, attempts to cover a number of “global challenges” of the post–September 11 era as they relate to the Latin American region. Coming soon after Roett’s 2003 book on economic reform in Latin America *Post-Stabilization Politics in Latin America*,³ together with Carol Wise, also one of the contributors to his latest book, his most recent project attempts to shift the analysis on Latin America away from an exclusive focus on trade liberalization and integration issues, at a time when the U.S. administration is not giving high priority to Latin America in general or to trade liberalization between Latin America and the U.S. in particular. For obvious reasons the War of Terrorism has a higher priority in the current American political debate and as an important contribution to such debates this latest book by Roett et al. tries to represent Latin America in a new light, one also based on security agendas, rather than solely on trade agendas, as reflected in the title “*a Changing Global Environment*” and as also reflected in the contribution by Margaret Daly Hayes (“*The New Security Agenda for the Americas*”). Carol Wise’s chapter on a perceived “apathy” within the Free Trade Agreement of the Americas (FTAA) process hits the mark when discussing the current slowdown suffered in both FTAA negotiations, as well as World Trade Organization (WTO) negotiations, which stands in stark comparison to the plethora of initiatives on security and terrorism at the present time. However, the book does not succeed in providing a proper balance between the economic and security issues, with many chapters geared towards trade relations or “globalization” issues, which often acts as a catch-all for a variety of issues (finance, human rights, Canada’s role). Looking at the political setting (Washington, D.C.) and the editorship/authorship of Roett, the 2001 open letter to President Bush prepared by the Council on Foreign Relations (CFR)-organized Independent Task Force on Brazil comes to mind. This letter forcefully argued in favor of making Brazil the “fulcrum” of U.S. policy towards Latin America. Roett was a contributor to this open letter and his expertise in this area makes his excellent chapter on Brazil’s past twenty

2. IRELA was until its demise in 2000 an EU-financed think tank on European-Latin American relations located in Madrid, mostly backed within the EU context by an alliance of Spanish and German political interests. Its reports and analysis were often thought to reflect a semi-official EU point of view, giving publicity to ideas and concepts circulating within the EU institutions.

3. Carol Wise and Riordan Roett, eds., *Post-Stabilization Politics in Latin America: Competition, Transition, Collapse* (Washington, DC: Brookings Institution Press, 2003).

years in the book good reading. As the CFR's open letter stated in 2001: "The United States cannot act alone in South America, and there is no better strategic partner than Brazil. . . ." Brazil is still the fulcrum, not only in political terms, but also in the trade debate in Latin America. Brazilians know this, as reflected by the widely-read Brazilian weekly *Veja* when it published an article in February 2003 titled "O Brasil Imperialista"; however, maybe it is time that somebody argued this case more forcefully in D.C. as well.

Alfredo de Vasconcellos, like Roett another veteran of the Latin American-Brazilian trade integration debate, represents a different set of analysts and officials, based on an informal European-Portuguese-Brazilian network that has been operating, often with EU financial support, for most of the past fifteen years. Together with Helio Jaguaribe he draws upon the contributions of a number of European analysts like Charles Grant, Pierre Hassner and Christoph Bertram, and attempts to link the main topic of the book (The EU and Mercosur) to a wider political debate on "the New World Order." This approach suffers the drawback, however, of having been written before the 9/11 attacks and therefore the chapters at times seem a bit outdated. Only Pierre Hassner's outspoken anti-American foreword, probably prepared during the 2002–2003 U.S.-French tensions over Iraq, gives an up to date perspective, but one that often diverges into the field of Trans-Atlantic studies. Hassner tries to relate the various chapters of the book to a wider discussion on "multilateralism" and "multipolarity", linking Argentina and Brazil to a European core that aims at "harnessing American hegemony" (xiii), with a more than simple explanation for the logic of such an alliance: "South America has a much more direct and brutal experience than Europe of North American hegemony." Charles Grant, a British foreign policy specialist whose opinions have supposedly influenced the Blair government, provides a counterweight to Hassner's diatribe by covering "a British Perspective" also mostly dealing with trans-Atlantic relations, adding EU-Mercosur elements on as a bit of an afterthought. Apart from this internecine European debate, this book contains a dominant Brazilian element made up of well-established Brazilian academics like Jaguaribe himself and Amaury de Souza, while also giving a platform for top Brazilian diplomats and trade negotiators to ventilate their ideas, such as Samuel Pinheiro Guimarães, President Lula's point man in, and secretary-general of, Itamaraty, the Brazilian foreign ministry, and Clodoaldo Hugueneq, Brazil's top WTO negotiator and ex-ambassador to the EU. Those who know Guimarães' reputation for verbose anti-Americanism and chauvinistic writing about the uniqueness of Brazilian culture will not be surprised that his chapter includes a discussion on U.S. foreign policy which concludes that "the U.S. strives to create informal global political, economic and

military governance by hegemonic structures of power . . ." (112). In contrast to this, Guimaraes gives an open assessment of European motives towards Latin American regional integration, stating that "Europe, in its increasing assertion of an autonomous foreign policy, tries to 'exploit' Latin American resentments and desire for greater autonomy . . ." (114). Blinded by the pro-/anti-American debate, Guimaraes makes the inaccurate assertion that "China and Japan tend to view South America and Mercosul as distant and exotic regions, very much under the influence of the U.S. (and Europe)" (117). China's current booming commercial presence in South America, and in Brazil in particular, gives proof of the contrary, recognized by President Lula, and the Brazilian business community, during an official state visit to China during May 2004. Jaguaribe tries to provide a general introduction on the "New World Order" and the Mercosur role therein, while Vasconcellos does his best to do this for the EU and its relations with Mercosur. Once again drawing upon the anti-American motive in this debate, Vasconcellos quotes from previous work by restating: "In sum they (the EU and Mercosur) have a shared interest in replacing a Pax Americana by a Pax Interdemocratica" (61). Recognizing in their joint conclusions that the book was prepared before the September 11 attacks, Jaguaribe and Vasconcellos cannot withstand the temptation to make a final statement about multilateralism and the United States: "the question of Iraq has been a further example of the dominant role played by unilateralists within the (Bush) administration itself" (240). This statement concludes a predominantly Brazilian-Mediterranean collection of views that at times seem to deal more with the current role of the United States in world politics, than with the actual topic of EU-Mercosur relations. Unfortunately, Vasconcellos' Portuguese-based network does not link up with other European-Latin American academic-government networks, such as the one based around the Chaire Mercosur at the Institute Science Po in Paris, a French-Brazilian government-supported network of scholars and policy-makers, originally set up to enhance the French government's influence over the EU-Mercosur free trade negotiations, or the Chatham House/Canning House duopoly in London, grouping together British business and government interests based on the Southern Cone. Of course, for analysts and officials alike, having competing and at times conflicting policy elites, such as those on the east and west coasts of the United States, provides for more interesting reading than a single position on Latin America or on the role of the United States.

While forgiving Guimaraes for his oversight with regard to the future development of Chinese-Brazilian interests, Peter H. Smith, the Latin America and Mexico specialist at the University of California, San Diego, has gone back to the idea of a greater Asian-North

American-Latin American trade and economic synergy, as previously explored in his 1996 book titled *Cooperation or Rivalry? Regional Integration in the Americas and the Pacific Rim*. His newest volume, appropriately called *East Asia and Latin America—The Unlikely Alliance*, not only revives this unusual approach to Latin American analysis, but also comes at a most timely moment when East Asia, in particular China, is in ascendancy within the Latin American context. Although the APEC process had its best days during the 1990's as a forum and facilitator for trade liberalization and economic integration between the Pacific Rim countries, at present not a week passes by without news being published about the latest Chinese trade and investment exploits in Latin America. This relates to the enormous Chinese appetite for resources and the need to secure these in the longer term through greater Chinese foreign investment and stronger Chinese-Latin American trade relations. Smith, based on a typical Californian perspective of looking south (Mexico) and west (Asia), to the exclusion of Washington, D.C. mainstreamers and other opinions such as those in Europe, has together with Kotaro Horisaka of Sophia University in Tokyo and Shoji Nishijima of Kobe University drawn together a group of mostly Japanese, Korean, Mexican and Brazilian scholars that not only provide a comprehensive view of trade relations within and between Asia and Latin America, but also look at the respective economic development strategies followed in specific countries of the regions (Korea, Mexico, Brazil) and at the destabilizing financial crises that occurred in both regions during the past fifteen years. Shoji Nishijima and Akio Hosono in their chapter on modes of economic integration between East Asia and Latin America provide a superb overview of the Latin American regional integration process of the past two decades and also look at the growing trade relations of Japan and Korea with the region. The Korea-Chile FTA (already concluded) and the Japan-Mexico FTA (being negotiated) form good examples of a continuing extra-regional process that involves key Latin American countries. In his closing chapter Smith himself looks at the U.S. role in both regions and tries to draw in elements from the debate on the U.S. position in the world, on the "New World Order" and on the events after 9/11. He concludes that "during the post-Cold War period, the United States paid little (if any) attention to emerging relationships between Asia and Latin America. Such cooperation seemed to pose neither challenge nor threat" (380). Unfortunately for the present-day reader, the Chinese element does not receive more attention, especially in the light of current developments. Only Jiang Shixue of the Institute of Latin American Studies in Beijing deals with the topic of Chinese relations towards Latin America, but in such a way that the chapter often reads as a government communication of objectives and priorities. Shixue is, however, very open about China's intentions in

stating that "China wishes to gain access to the rich natural resources in Latin America for its own urgent needs" (311). If Smith et. al. harbor any ambitions for a follow-up project in the Asian-Latin American field, then possibly this issue has the potential of becoming a key area for trade negotiators and trade analysts in the future.

Diana Tussie and the group she has gathered together for her "Trade Negotiations in Latin America" reflect the pre-9/11 work and thinking of mostly Latin American "developmentalist" academia and their sympathizers in various international financial and trade organizations (UNCTAD, IADB, WTO). Providing a high-quality insight into a perspective on Latin American trade liberalization that is quite different from mainstream opinions held in Washington, D.C., Europe, or the West Coast, Tussie's collection sets out many of the problems and obstacles topical in the WTO's Doha Development Round. Whereas the failure of the 2003 WTO Cancun ministerial came as no surprise for those working in the field, the underlying issues leading to that failure were actually already brewing many years before. Again with major contributions by Brazilian analysts like Pedro da Motta Veiga and Marcelo de Paiva Abreu, "Trade Negotiations" gives a clear insight into the grievances of core Latin American players. Paiva Abreu reflects Latin America's grievances most clearly in the opening chapter when stating "Latin America made considerable concessions in the Uruguay Round . . ." (19), while raising doubts whether it received sufficient in return. Paiva Abreu describes perfectly the dilemma currently facing countries like Brazil in its trade negotiations with more developed partners in asserting that "the liberalization process has, of course, raised severe problems related to the accommodation of conflicting interests, . . . tariff concessions by developing countries . . . will severely affect established interests which are favoured by protectionist policies" (19). Finding the right balance between the interests of a protected industrial sector against the interests of a highly competitive agricultural sector is in both regional and global trade negotiations probably the key issue for major Latin American players like Brazil. Agricultural protectionism in both the EU and the United States, the lack of political willingness to reform within key EU member states, and the political use of anti-dumping instruments in the United States, set the long-term stage for the succession of failures in North-South, Latin American-U.S., Mercosur-EU trade negotiations starting in Seattle (WTO, 1999), running through Quebec City (FTAA, 2001), passing over Madrid (EU-Mercosur, 2002) and arriving in Cancun (WTO, 2003) most recently. Based on this perspective of obstacles and grievances it is no wonder that the Doha negotiations were not able to finish before the December 31, 2004, deadline, the FTAA negotiations to be completed by the same deadline, or the EU-Mercosur negotiations by their given deadline of

October 2004. EU-U.S. responses to agricultural demands, and the EU-Latin American Summit in Guadalajara, Mexico, at the end of May 2004 were unfortunately not indicators of where the process will end. One thing is clear: compared to the opinions held in various "Northern" networks of specialists and negotiators, the discussions reflected by Tussie et al. give a clear overview of current Latin American expertise and how far this has evolved during the past fifteen years.

L. Ronald Scheman is a one-man combination of Washington-based official and insider and Latin American analyst. In his case this combination of qualities is underpinned by an idealism and a belief in a greater hemispherical promise. "Greater America" provides a modern-day, comprehensive, exposé of the Pan-American ideal that goes back at least a century. Scheman bases his ideas on insights gained from various "networks" located in D.C., linked to the IABD, the OAS and to U.S. think tanks on Latin America, as well as on his own extensive experience in dealing with the region. His prime motive, however, for writing "Greater America" is the concern for democracy and the siege it is under in the post-9/11 world. But Scheman also delves into a range of topics running from the U.S. role in Latin America and the threat to U.S. security by poverty, corruption and narcotics. The first part of the book very much reflects the post-9/11 setting in which it was written and concentrates heavily on the historical roots, security context and development challenges facing Latin America. In the second part of the book Scheman shifts his focus to the trade liberalization and regional integration debate, showing the interaction between commercial interest and political calculation, especially when describing the "European Challenge" in Latin America and the so-called "reconquista" drive in the hemisphere during the past fifteen years in terms of Spanish trade and investments in Latin America. Interestingly, he also includes a chapter on the United States and its growing Hispanic population, which both generates and necessitates stronger trade ties with Latin America. True to its comprehensive nature, the book includes an analysis of the "geopolitics" of natural resources of the continent and already gives an indication of the growing demands by China. The interesting aspect of Scheman's book is that he is so well able to fuse varying elements from history, politics, security issues, trade and economics together and thus not only provides a comprehensive overview of the current state of Western Hemisphere relations, but also one grounded on a clear idealism and a positive hope for the future of the region. This is possibly an advantage of having a single author write a book, but in this respect Scheman's "Greater America" is, of all those discussed here, probably the book best geared to the post-September 11 setting.

Three main elements can be distilled from this set of books and numerous essays. First, the U.S. position in Latin America and in

international politics is not positively accepted by all players within Latin America, or by those supporting Latin American trade integration processes. This influences the continuation, the choices and the direction of trade liberalization and regional economic integration in the hemisphere. Whether the FTAA succeeds or whether a EU-Mercosur free trade area comes into being within the next few years, it is clear that opposition to, or rivalry with U.S. influence, forms a major element in the endogenous process of integration in Latin America, at times strengthened by external partners because of their own opposition to U.S. policies. Second, China is on the rise in Latin America, and where the United States and the European Union are competing for influence and trade preferences, they may well have to cope with a new player, as booming Chinese trade and investment flows with Argentina and Brazil currently already show. Resource-poor and economically-hungry, China certainly stands to influence the course of Latin American economic development and integration for many years to come. At present its purchases of minerals, agricultural produce and other resources has created a welcome economic growth in countries like Argentina, Brazil and Chile.

As China continues to grow it will continue to provide diversification and alternatives to Latin American export-led economies that have reached trade-political barriers in accessing the U.S. and EU markets. Third, Brazil remains a key element in most political and trade strategies towards Latin America. Whereas Mexico has been forgiven by its South American brethren for joining forces with North America, Brazil probably remains the only country in Latin America with a true continental vocation. The participation of important Brazilian scholars and policy-makers in four of the five volumes described in the above shows that Brazil constitutes an essential component for future progress in regional integration, trade liberalization and political stability throughout the Western Hemisphere. China seems to have grasped this role more quickly than other external partners of the region, however, for the networks of trade negotiators and trade analysts this element forms an issue that to date has not yet been fully explored. Whether through regional (economic) integration, free trade alliances with the United States or EU, or by export-driven economic growth more and more geared towards emerging markets in the developing world, there is a real chance that Brazilian ideas and Brazilian interests will have to be accommodated more than has been the case to date. Recent analysis by financial institutions has included Brazil in the so-called "BRIC"⁴ group of emerging markets. This analysis foresees that in a number of

4. BRIC includes Brazil, Russia, India, and China.

decades this group of four emerging markets will represent a volume of GDP/world trade equal to the current G-7 group of industrialized nations. With both Brazil and China grouped together in this category and with their current growing trade relationship, it becomes clear that the United States and the EU need to start giving Latin American trade and political issues more attention, while they also need to accept that Brazil and its Mercosur alliance be given an appropriate leadership role. The alternative is to lose both what has been achieved economically over the past fifteen years in terms of intra-regional and extra-regional trade liberalization and regional integration in Latin America, as well as what can still potentially be achieved in politics through alliance-building in the War on Terrorism and stabilization of the region. The five books discussed cover different but important elements of this ongoing discussion; however, anti-American tensions, be they from EU or from Latin American sources, seem to be a recurring and unfortunate element, able to distract both Latin American analyst and negotiator alike.