

U.S.-EU Responses to Globalization – Working Papers
Extending the Transatlantic Agenda to
Canada, Latin America and the Caribbean

Vicente Palacio

Extending the Transatlantic Relationship: a Broader Europe, a Broader Western Hemisphere

To date, the transatlantic community has been perceived largely in terms of the U.S. and Europe. Both the U.S. and Europe have overlooked the potential of bringing into their dialogue the Latin American and Caribbean (LAC) region, or even a North American country with such close ties to Europe as Canada.

However, the region covering the Americas and Europe shares not only a common heritage - history, values, institutions - but also the elements on which to build a broader transatlantic community: trade, investment, immigration and dynamic cultural and social exchanges. Furthermore, high "political expectations" are common to citizens from the entire transatlantic region.

On the LAC side, significant improvements in democratic standards coupled with sustained economic growth over the last decade suggest that a broad, interwoven, multi-directional hemispheric cooperation initiative is possible. The Obama Administration has expressed a renewed commitment to Central and South America, based on mutual respect and collaboration. This positive attitude should open the way for the Europeans to forge a structured, joint dialogue on LAC, one that is built on collaborative foundations and which makes competitive approaches a thing of the past.

It is in the interests of the most advanced countries of this vast region (U.S., Canada, EU) to promote an area of prosperity and development with the LAC region with which they maintain strong historical, economic, political and cultural ties. The partnership with Brazil in particular has an enormous potential for development.

The time is ripe for a broader framework of action between a U.S. and EU open to collaboration in their respective vicinities. The inclusion of a fruitful dialogue on the Transatlantic Agenda with respect to the rest of the non-EU European countries (a "broader Europe"), with the U.S. having a voice in this field, should have its correlative in a positive cooperative role for the Americas (U.S. + Canada + LAC) and the EU, constituting "a broader Western Hemisphere." We call this new framework the Euro-American Partnership (EAP).

The new guiding principle should be the U.S. and the EU working together in the western Atlantic area, involving LAC and, possibly, the African region as part of a wider Atlantic Basin Initiative. This should be achieved through the progressive incorporation of a vast array of less developed countries and a few BRIC nations alike into the existing transatlantic programs and institutions (e.g. Brazil, Mexico, Nigeria, South Africa). Yet these transatlantic fora should not exclude the many bilateral and multilateral channels that could be established between the nations belonging to this vast area with others in the Pacific, Asia or Russia.

In the future, transatlantic relations should explore the enormous potential of current flows of trade, investment and people in the whole Atlantic Hemisphere. We should not lose sight of the new global context in which geopolitics takes place today, or of other associations such as APEC or ASEAN.

In particular, the U.S.-EU NTA (New Transatlantic Agenda), created in 1995, should be reviewed on the basis of multilateral coordination with other global actors and regions.

Some Current Facts and Trends of the Euro-American Area

The map of regional integration in the Americas and the EU is characterized by two contrasting features: one is an intense flow of trade, investment, migration, and institutions; the other is the fragmentation and lack of coordination of frameworks of action, specific programs or institutions among the main actors. These two features point to both the possibilities and the limits of a Euro-American Partnership.

Economic links

The Euro-American Area accounts for almost one third of the world's states, and 70 percent of world GDP. Trade and investment flows between the U.S. and the EU (the world's largest) would amount to the flow between these two actors and Canada, and LAC, respectively. To mention just a few examples of mutual enmeshment:

- The U.S. is by far the main trading partner and major investor in Mexico, as well as in the Central American region (CAFTA).
- The EU is the second-largest investor in Canada, only preceded by the U.S. Despite the stalemate in the EU-LAC Association Agreements (AA), and the emergence of other actors such as China, the EU remains the second-largest investor in LAC after the U.S. and is forging closer ties with Brazil, Mexico or Chile, while trying to re-launch AA with Mercosur and Central America. In particular, EU Mediterranean countries traditionally involved in LAC, such as Spain, Portugal, France or Italy, would have a particular interest in strengthening cooperation with the U.S. and Canada.
- Canada's strategy for the Americas seeks to reinforce its presence in LAC: Canadian FDI in LAC, excluding Mexico and Bermuda, is three times larger than Canada's FDI in Asia. In the meantime, Canada is actively approaching the EU; negotiations for a Comprehensive Trade Agreement with the EU have been in progress since the Summit of May 2009, which could result in the most advanced bi-regional agreement between two developed blocs to date.
- No less crucial to the prosperity and stability of the continent is the prominent, growing role of a BRIC nation: Brazil. Brazil accounts for 40 percent of the LAC's GDP and has more than a third of the LAC population (190 million people). Brazil and the EU have launched a Strategic Partnership and the U.S. is developing a dialogue with the Brazilians on similar issues: clean energies, climate change and investment.

Flows of people

In demographic terms, the enlargement of the Western Hemisphere to Europe would bring together a quarter of the world's population, with almost 1.4 billion people.

Although not so relevant in quantitative terms, compared with the fact that 60 percent of the world's people live in Asia, demographics is important as a qualitative factor. Almost all immigration flows (most of them originating in LAC) have the U.S. and the EU as the main destination. However, tough visa constraints remain as barriers to labor and exchange of human capital in the area between LAC and the U.S. and the EU, respectively.

Security Systems

In terms of security structures, NATO, ESDP and the recently created South American Defense Council are among the largest defense structures in the international arena, and capable of deploying on diverse missions. Brazil heads the Rio Group-EU dialogue and is a candidate for the UN Security Council.

Language

Language is also a structuring factor: the existence of 2 or 3 common vehicular languages is a factor not to be ignored. English is widespread in the fields of culture or business in Canada and LAC, as well as in Europe, followed by Spanish, Portuguese (Brazil) and French.

Barriers to a broader Transatlantic Relationship: Asymmetries, Fragmentation, Reluctance of the Main Actors

There are three main obstacles to reinforced cooperation among these four major actors. The first are strong asymmetries. This broad Euro-American region has extreme asymmetries and imbalances in terms of wealth, distribution of income or governance (on the one hand, the rich: the U.S., Canada and the EU; on the other, the vast, heterogeneous LAC of Middle Income Countries (MIC) *plus* Brazil and dramatic differences *within* these actors/regions. This is even more apparent if we include Africa.

The second obstacle is fragmentation: the lack of efficiency and concurrence among existing regional and sub-regional frameworks (NAFTA, ALBA, Mercosur, Unasur, CAFTA etc) and fora (Organization of American States (OAS), Rio Group) poses a problem. In addition, the stalemate of the big, continent-wide projects (the U.S.-led FTAA or the EU-LAC bi-regional strategic association) obstructs the search for an alternative. This situation deprives both the U.S. and the EU of the tools to exercise an influence in the region.

Third is the reluctance of the main actors: the U.S., Brazil and other LAC countries. From a narrow national perspective, some could perceive their interests to be threatened or their geopolitical priorities to be jeopardized by such a Euro-American Partnership.

At present, U.S. attention is turned to the Middle East (including *AfPak*) and it does not envisage any EU collaboration in the Americas.

The EU is trying to put into practice the institutional machinery of the Lisbon Treaty, while it consolidates itself as a global actor. A Euro-American Partnership could be perceived by central and northern EU countries as competition for the programs of the Eastern or Mediterranean Neighbourhood.

As for LAC, there is a temptation to exclude the U.S. and the EU with a vision of “America for the Latin Americans,” led by countries such as Venezuela or Bolivia. In this respect, the position of Brazil, which leads the Rio Group, remains ambiguous.

How to Overcome the Barriers and Forge a Euro-American Partnership?

It seems clear that in order to make collaboration effective and to deal with the asymmetries, the frame for action should take into account the *variable geometries of integration*.

The EAP is not devised as a new super-structure, rather as the result of the combination of common efforts in specific fields.

A broader Hemispheric Agenda should focus on concrete issues that cannot be solved at regional or sub-regional levels alone. These issues should refer to two broadly defined areas: 1) sustainable development, and 2) the flow of people: labor and training of human capital. The guiding criteria in the Euro-American area should be to make the benefits of the current transatlantic process in any specific field extendable to the rest.

If the most advanced economies of the EAP adopted this new perspective, they would send out a clear message of rejection of protectionism in a time of economic and financial crisis. Therefore, this initiative would call on the two Administrations for a joint assessment of the opportunities and benefits of working together in specific domains vis-a-vis Canada and LAC.

Proposals for Structuring the EAP

General Commitment

The Final Declaration of the May 2010 U.S.-EU Summit should include the message that:

- a) a broader Europe should have its correlative in a broader Western Hemisphere: the U.S. and the EU agree on setting up concerted agendas with others.
- b) the current dynamics of competitive/uncoordinated approaches by the EU and U.S. to the LAC region should be replaced by common objectives and concerted policies.

By the U.S.-EU Summit May 2010 the EU should present a commitment to a Euro-American Partnership, to be developed beyond 2010. This commitment should:

- identify the goal of the Partnership: to establish an Atlantic prosperity area of good governance, development, and social cohesion;
- develop, on a step-by-step basis, synergies in current programs of specific key issues: good governance, infrastructures, clean energies and climate change, trade and social and territorial cohesion, and migration;
- identify the current institutions, fora and mechanisms where the Partnership could best be developed. The potential of public-private partnerships would be explored.

Common Action

- Energy and climate change. The recently created EU-U.S. Transatlantic Energy Council should establish ties with third LAC countries on energy security,

especially Brazil. Conversely, the U.S.-LAC Partnership of Energy and Climate for the Americas should keep the door open to Canada and the EU.

- **Development.** There is a wide range of opportunities for cooperation in training, education, health and food programs, as well as in monitoring of labor and environmental standards, in Central America, the Caribbean and the Andean region. New instruments could include Joint Funds for social and regional cohesion in Mercosur and Central America. The EAP could incorporate inputs from the High Level Consultative Group for Development concerning LAC.
- **Humanitarian assistance.** Canada, the U.S. and the Europeans can provide much experience in this field, in areas such as reconstruction and humanitarian crisis assistance.
- **Security** The fight against organized crime should be accompanied by joint development programs and funds for the improvement of the living conditions of peoples and the LAC economies.
- **Migration:** There is an enormous potential in the harmonization and improvement of labor and visa conditions in the Euro-American area. In addition, a four-way dialogue on migration should include a visa liberalization road map for the Euro-American area, similar to the EU-LAC currently in progress. Also, joint alliances in the private sector to facilitate remittance conditions would improve the life of millions in the LAC region.

Institutional Mechanisms

The EAP is not a superstructure, but rather a political umbrella of actions that share common objectives and that are channelled through a wide array of mechanisms. The Summits, Forums, and Dialogues affecting the partners could be reoriented in order to simplify the existing, overlapping mechanisms and programs as follows:

- An EU commitment to include EAP progress as a topic on the Agenda of the three annual EU Summits (EU-Canada; EU-U.S., and EU-LAC) in 2010 and beyond.
- The U.S. and the EU should make a mutual commitment to guaranteeing their presence in the diverse institutions and forums of the Euro-American dialogue.
- Creation of a Joint Task Force for coordination and follow-up of the respective Agendas of additional summits: Summit of the Americas, Ibero-American Summit, EU-LAC Summit.
- The U.S. should acquire the status of permanent observer in the EU-LAC Summits; conversely, the EU should acquire the status of permanent observer in the Summit of the Americas.
- The EU should raise its profile regarding its current permanent observer status at the Organization of the American States (OAS).

- The EU should negotiate a role for itself in the Inter-American Development Bank.
- Coordination should be improved via regular meetings of the Ambassadors/Special Envoys for the Americas of the U.S., EU and Canada.
- In order to create a Euro-American governance culture, U.S., Canadian and EU officers should be encouraged to forge informal networks regarding activities of the OAS, Secretaría General Iberoamericana (SEGIB), and possibly, in Mercosur and other integration frameworks. There should be better coordination between the General Secretariat of SEGIB and the Permanent Council of the OAS.
- Reinforce a U.S.-EU dialogue on Brazil, included as part of a structured dialogue between the EU High Representative and the U.S. Secretary of State (which could be extended to other U.S.-EU dialogues on the BRICs).
- There should be better coordination among foundations working on issues related to the Euro-American area. A Euro-LAC Foundation should be created.

Keeping the EAP Open to Africa: the Atlantic Basin Initiative

Any initiative for a broader Atlantic space of cooperation should be geared according to the principle of variable geometries, given the enormous asymmetries. We could differentiate between two complementary frameworks for action: one to be developed for the Euro-American Area (EAP or similar) and other where the Americas and Europe collaborate with Africa in key areas: infrastructures, institutions, trade, climate or the environment.

The EU and the U.S. should commit to working with third parties in LAC and Africa with key partners (South Africa, Nigeria etc) for the development of ties and joint programs on trade, development aid, and the environment.

There is an African heritage in the Americas (U.S., Central and South America) as well as a strong concern in EU countries such as Spain, Portugal, and France in the fields of trade, investment, migration or security.

As for the EU, it has an ambitious framework of strategic collaboration on a wide range of issues, from trade or security to the environment, in the Joint EU-Africa Strategy signed in 2007.

Conclusions

The EAP presented here should not be thought of as a project for a closed “bloc” nor as “bi-regional integration.” That perspective would be unrealistic. On the contrary, the Partnership should work as a macro-vision that is built on the foundations of a common political language and myriad actions that, if coordinated, could gain in effectiveness.

Current facts and trends suggest that great benefits could be derived for all actors from structuring a Euro-American dialogue. The guiding criteria in the Euro-American area

should be to make the benefits of the current transatlantic process in any specific field extendable to the rest.

Not least, an EAP would also have an immediate impact on transatlantic relations itself, in helping to counterbalance the relative decline of the U.S. and Europe in relation to emerging powers in Asia and the Pacific. What is at stake here is a shared political Project that could be example to the world of political openness, development, and social cohesion.

This broader framework would not seek to invalidate the existing US-EU framework and its further development, nor replace it with others. Instead, it would provide tools for enhanced cooperation and synergies among all the actors involved in the Americas and Europe, so that new partners can more easily be incorporated into projects and activities.

In such a framework, every actor can be considered pivotal vis-a-vis other actors. A long-term political vision to make Euro-American interests converge would be beneficial not only for a few southern European countries (Spain, France or Italy), but also for the U.S. and the other members of the American region, and ultimately, for the whole world.

None of the proposed areas of cooperation exclude the links of each actor with other partners outside the Atlantic Area, such as China, ASEAN or Russia. Certainly, in a globalized world, each nation's links - companies, capital, etc - are multifaceted and diversified.

The U.S cannot - and no longer wants to - stabilize LAC alone. It needs other major partners: the EU, Canada, Brazil and the LAC region. If the EU made a realistic offer to the Americas, the U.S. could re-engage in the region at a lower political and material cost.