



Compass 2020

Germany in international relations
Aims, instruments, prospects



Latin America

**A lot of democracy, not much state
and even less social progress**

Wolf Grabendorff



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The Compass 2020 project represents the Friedrich-Ebert-Stiftung's contribution to a debate on Germany's aims, role and strategies in international relations. Compass 2020 will organise events and issue publications in the course of 2007, the year in which German foreign policy will be very much in the limelight due to the country's presidency of the EU Council and the G 8. Some 30 articles written for this project will provide an overview of the topics and regions that are most important for German foreign relations. All the articles will be structured in the same way. Firstly, they will provide information about the most significant developments, the toughest challenges and the key players in the respective political fields and regions. The second section will analyse the role played hitherto by German / European foreign policy, the strategies it pursues and the way in which it is perceived. In the next section, plausible alternative scenarios will be mapped out illustrating the potential development of a political field or region over the next 15 years. The closing section will formulate possible points of departure for German and European policy.

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Abstract

In spite of healthy economic growth in recent years and relatively stable formal democratic conditions, the countries of Latin America are facing an increasing number of social problems. Not only has the gap between rich and poor widened, the ability of governments to influence developments within society has generally declined. With democratic and constitutional processes increasingly beset with restrictions and omissions, the maintaining of law and order and the reduction of social inequality are areas which are taking on a status of urgency (something which is, however, frequently ignored). From the foreign policy viewpoint, the region is more in a state of fragmentation than integration, with the diverging interests of the countries concerned increasingly leading to intraregional tensions.

Germany and the European Union (EU) as a whole have largely disappeared from the main focus of Latin American countries. The states in the north of the region are looking more often to the USA, while in South America a new regional sub-system is emerging at a slow pace, because of the high degree of intraregional tensions.

A negative scenario for Latin America could mean a further step in the direction of global political isolation and hence a turning away from regional cooperation and multilateral orientation. By 2020 the continent, with the exception of Brazil which can assert itself as a "global player" in the international system, could come to be regarded as a loser in the globalisation process. In the light of the reluctance of the elite to reform, most of the countries of the region are suffering from economic and social polarisation, with the migration movements this brings in its wake.

If, on the other hand, a rapprochement occurs between hitherto divergent political and economic goals and should social reforms be put into effect, Latin America in the year 2020 could be an aspiring and much sought-after cooperation partner in the international system. The region's potential for biodiversity and the foundations of renewable energies could be developed and utilized in partnership with the EU.

The development of Latin America and hence also the future of cooperation between Germany and the EU depend largely on the extent to which the governments of the region are prepared and able to tackle both social and democratic reforms and at the same time defuse numerous intraregional tensions. Even if economic activity between Latin America and Europe does not grow significantly, relations affecting in particular the multilateral integration of the region or at least some of its states should be expanded. Germany could play a pioneer role in this within the EU. But both Germany and the EU should be more prepared than in the past to accept Latin America's own development models and insist more strongly than they have done to date on adherence to democratic and lawful processes and on the implementation of social reforms.

I. A Disintegrating Region

In the political and economic sense of the word, Latin America can no longer be regarded as a conceptual and organisational entity. Since the end of the Cold War, its five sub-regions (Mexico, Central America, the Caribbean, the Andean nations and Cono Sur) have separated into two distinctly recognisable, mainly economic and security policy groups with the Panama Canal as their geopolitical border. Central America and the Caribbean are linked by myriad and complex interdependencies

to a slowly emerging “North American Community”. In South America, on the other hand, a new regional sub-system, whose economic and political development agenda is still hotly disputed between the individual nations, is emerging under as yet unconsolidated Brazilian leadership. Despite mounting social and intergovernmental tensions, no political or religious extremism is as yet apparent and the region continues to be free of ABC weapons. Yet the cultural and formal political – democratic – homogeneity of the region is no guarantee for internal cooperation or for anything resembling a common stance towards the outside world. Brazil and Mexico – the two classic major powers in the region – have broadly agreed on sub-regional cooperation models such as Mercosur and the Puebla-Panama Plan and left regional political initiatives to the middle powers Chile and Venezuela. Because of Mexico’s involvement in Northern America, this leaves Brazil as the only regional power in Latin America..

Because of the debt and financial crises following the end of the Cold War and particularly since the shift in US foreign policy priorities after 9/11, Latin America has had to accept a distinct loss of clout in the wake of changed external conditions in the international system. Despite the prolonged period of economic growth due to the demand for raw materials over the past years, the region’s competitive ranking in the world economy was affected negatively, with the region’s share in world trade, in overall investments and expenditure on research and development continuing to fall. Asia’s share in world exports, for instance, more than doubled between 1953-2005 (from 13.4% to 27.4%) while Latin America’s share was halved (from 11.1% to 5.6%)¹. These external changes have led to foreign policy heterogeneity and disintegration unusual for the region and even reputedly stable integration processes such as the Andean Community (Comunidad Andina de Naciones – CAN), with its member states Bolivia, Ecuador, Colombia and Peru and Mercosur (Argentina, Brazil, Paraguay, Uruguay and Venezuela) have not escaped unscathed.

At no point in recent Latin American history have there been so many bilateral tensions – even between countries with a similar ideological orientation. This does not only make intraregional cooperation more difficult and jeopardise further development of existing integration mechanisms, it also casts doubts on the predictability of Latin America and its most important nations as foreign policy partners. In addition to trading with the USA, it is above all South-South economic relations which have become the decisive integration factor – both within the region and as part of the globalisation process. Evidence of this is not only the key significance of China for economic development in Latin America², but also the dynamics of the IBSA cooperation process between India, Brazil and South Africa and above all the importance of the G-20 initiated by Brazil as part of the World Trade Organisation Doha round.

1] WTO: International Trade Statistics, 2006, II Selected long-term trends, (www.wto.org)

2] León-Manríquez, José Luis: China – América Latina: una relación económica diferenciada, in: Nueva Sociedad 203, Mayo-Junio 2006, P. 28–48, here: P. 47, and IDB: The Emergence of China: Opportunities and Challenges for Latin America and the Caribbean, 2004, Washington D.C.

25 years of democracy and globalisation have modernised the region politically and economically in many respects, but in comparison with other parts of the world have contributed very little to its overall economic development. Evidence of this is provided notably by the emigration of millions to the USA in particular, but increasingly to the European Union (EU) too, and the economic significance of the “remittances” of Latin Americans that this opens up. The annual figure of these remittances does not only now exceed the total of development aid but will also soon reach the level of foreign investments.

Distribution of income has almost universally deteriorated and Latin America is in this respect branded internationally as the region in the world with the greatest inequality. Despite growth rates³ that have clearly improved over the past years, almost no change is apparent in income disparity, with the top ten percent of the population still holding over 48 percent of regional gross national product.⁴ Democratisation and globalisation have in different but complementary ways contributed towards a situation where the majority of Latin Americans are more strongly aware of national and regional asymmetries in power and prosperity.

In a situation where over 200 million (39.8%) of some 550 million live below the poverty line and some 80 million of these (15.4%) do not have enough to eat⁵, any democracy which is more or less stable as far as minimal criteria are concerned is put under great strain, bearing in mind that with the current rate of poverty reduction (around 1% per annum), it would take more than three generations before a minimum level of welfare is secured. The disappointment and bitterness felt over the lack of social responsibility on the part of most of the national elite has found expression in radically changed voting patterns. This has produced or confirmed in power governments which are either conservative (Colombia, Mexico and nearly all of Central America), social democratic (Brazil, Chile, Peru, Uruguay) or leftist-populist (Bolivia, Ecuador, Nicaragua, Venezuela) as well as leading to antisystemic election results in some countries. The ensuing political transformation and growing democratisation have –together with globalisation – contributed to many countries in the region becoming distinctly more complicated to govern. Established parties are finding it increasingly difficult to come up with a generally acceptable blueprint for governance for such polarised societies, given also the almost total absence of any general consensus on the instruments required to maintain economic stability largely brought about in most countries in the region by the neoliberal policies underwritten by the “Washington Consensus”. The creation of political awareness among the indigenous population – and the resultant protest and participation forms developing from this⁶ – make an adaptation of traditional political systems to differing social ideals increasingly necessary. In some countries this has already led to a replacement of elites, something that can also be expected in the future in other countries.

The current political, economic and social instabilities and their international repercussions caused by a simultaneous rapid process of globalisation are an expression of historical normality since nearly all societies in Latin America are societies in transformation, where the process of state- or nationbuilding is mostly not yet completed.

The political systems in the region are marked by a structure of strong presidents and clientelism, with the parties usually reduced to being procurers of majorities with scant experience of parliamentary work. Thanks to a much improved observance of human

3] CEPAL: ECLAC Notes: In 2006, economic growth in Latin America and the Caribbean exceeded 5%, N° 50, January 2007, Santiago de Chile, p. 11.

4] Martínez, Mariana: América Latina: balance 2006, BBC Mundo, 25.12.2006.

5] CEPAL: Cohesión social: inclusión y sentido de pertenencia en América Latina y el Caribe, Santiago de Chile 2007, p. 52.

6] Stavenhagen, Rodolfo: The Return of the Native: The Indigenous Challenge in Latin America, Occasional Papers N° 27, 2002, Institute of Latin American Studies, University of London.

rights and armaments expenditure comparatively low by international standards of 1.4% of regional GNP⁷, the potential for violence of the nations in the region – with few exceptions (Chile, Colombia, Venezuela) should give little rise to international concern. Yet Latin America remains the region with the highest homicide indicators in relation to the use of force at a national and private level – not only Colombia, but also Brazil, Mexico, Venezuela and Central America are notorious examples of this. The weakening of the state sector in Latin America brought about primarily by liberalisation and modernisation of the economy has led to the privatisation of key government sectors including even public security, thus in some countries significantly reducing the stability enhancing social responsibilities of the state.⁸ This is one of the main reasons why poverty-related crime and organised crime – notably drug related crime – was able to spread in the region and have become a central factor in the increased ungovernability in some cities and regions. Lack of confidence in the public forces of law and order and a growing tendency to regard private actors as the more efficient guarantees of security are a sure sign of the decline of state spheres of influence. The call for strong government is hence one of the characteristics of political development in the region, where a new division of labour between the armed forces and the police as a move to improve public security is also under discussion. The latter is not really regarded as being politically acceptable in some countries (i.e. Argentina and Uruguay) which are scarred by their historic experiences with military dictatorships.

Governments are not only called upon to contain crime, corruption and violence but also to bring about the integration of minorities and in some cases majorities within the population in the economy and society and improve equality of opportunity in education and health, old age and minimum welfare provision. There is little likelihood of “pacifying” the expectations of underprivileged population groups in the foreseeable future. Even if economic growth rates are strong, this would scarcely appear possible in most countries in the region in the medium term without some major redistribution taking place – and vested interests at home and abroad would surely offer resistance to any redistribution of this kind. What is becoming increasingly apparent in Latin America is a division of models between “neo-liberalism” and “neo-desarrollismo” that seeks – with various forms of state intervention – to bring about those minimum welfare provisions for the population unattainable by market mechanisms and stimulate the economy with state-led incentives. It is an expression of the search for a development model that could lead the various democracies out of their crisis of legitimacy and produce more social and political stability.

Distinctly growing instability marks the disputes in Latin America on revised development models – concepts which to date hardly include climate change or demographic change – and also the discussion on the necessary functions of strong government able to regulate the market and bring about a balance of interests in society. The looming conflict potential is much aggravated by the role of energy policy within and between the countries of the region and their international partners. This brings regional actors to the international attention as energy producers (Bolivia, Ecuador, Peru, Mexico, Venezuela) or consumers (Argentina, Brazil, Chile). The relationship between these countries and with the USA will have a decisive influence on the political landscape in the region and on the international reputation and foreign policy predictability of Latin America.

7] Malamud, Carlos/García Encina, Carlota: ¿Rearme o renovación del equipamiento militar en América Latina?, N° 31/2006, Real Instituto Elcano, Madrid.

8] Bodemer, Klaus: Lateinamerika und die Karibik. Gedanken zu ihrer Bedeutung für Deutschland und Europa, in: Lateinamerika Analysen 15, 3/2006, IIK, Hamburg, S. 149–198, hier: S. 152.

I.1. Democracy needs a stronger rule of law and social welfare state

In the light of this situation, Latin America is confronted by a range of major challenges which impact not only on the viability of its development models but also on governability in the individual nations and the profile of the region in a world increasingly shaped by globalisation. One of the tasks involved is to utilise⁹ current growth gains to create jobs and invest in the future – particularly the improvement and expansion of education and research - and to reflect the effects of climate change by a forward-looking policy of providing clean air, adequate reserves of drinking water, healthy food and renewable energies. Since this will not be possible to achieve with market mechanisms alone, it will be important to expand national or preferably regional markets by a targeted redistribution process – with particular attention to a more effective taxation system. This will trigger a new growth impetus and thereby effectively bolster confidence in government among those population groups hitherto disadvantaged. A further major challenge is to fight crime at its roots by making social investments and at the same time reforming and developing police and judiciary in such a way as to anchor the rule of law in all sectors of society. This challenge applies in particular to all aspects of the drug trafficking, although this can only be contained by widespread cooperation between producer and transit countries and closer involvement of the consumer countries. In the field of foreign policy the most urgent task is to defuse intraregional tensions by means of political and economic cooperation, develop a regional security structure and bring about practical steps towards integration by improving regional infrastructure and dismantling trade and migration barriers.

II. German Policy – “Fewer – in place of traditionally good Relations”

Germany enjoys widespread recognition in the region as a civilian power and motor of European integration, although only one quarter of Latin Americans are even aware that Germany is a part of the EU.¹⁰ Its reputation is uncontested as a donor of development aid, representative of the social market economy and advocate of the rule of law and environment conservation. With the end of the Cold War and reunification, however, Germany's weight within the region declined considerably. The main reasons for this were large scale transferrals of non-vital foreign policy interests to the EU and the overall industrial and trade policy restructuring caused by globalisation. Reference to „traditionally good relations“ has become an empty phrase and the political and economic importance of German immigrants as a point of reference is largely outdated. This does not only apply to Germany's role but to the EU as a whole; EU influence in Latin America – with the exception of Spain – has declined in comparison with established relations with the USA and newly founded links with Asia.¹¹ A main factor in this is the ongoing process of migration of millions of Latin Americans from the northern countries in the region to the USA; these – together with the impact of the formation of a Latin American elite there – sets the cultural and economic tone in the region today.

Economic relations between Germany and Latin America have also suffered in part from global economic developments. Whereas between 1960 and 1990, German companies mainly in the automotive and chemicals sectors played a major part in the industrialisa-

9] Haldenwang, Christian: Lateinamerikas gefährlicher Aufschwung, in: Lateinamerika Analysen 15, 3/2006, IIK, Hamburg, P. 225–235, here: 230.

10] Lagos, Marta: América Latina & Unión Europea: Percepción Ciudadana, Latinobarómetro 2004, Focus Eurolatino, Santiago de Chile, 2004, here P. 24–25 (positive exceptions: Mexico, Chile and Uruguay).

11] Faust, Jörg: Strategische Interessen deutscher Außenpolitik in der Zusammenarbeit mit Lateinamerika – Ein Kommentar, in: Lateinamerika Analysen 15, 3/2006, IIK, Hamburg, P. 95–104, here: P. 103.

tion of the region (Argentina, Brazil and Mexico), after reunification and the rise of Asia not only have German investments dropped, but numerous production plants have been either closed down or downsized. Germany's cutting-edge economic role has long been overtaken by Spain, above all in the burgeoning service sector.

In Germany's trade relations too the whole of Latin America lags far behind Switzerland with just 2 percent of German foreign trade and even in the critical area of energy relations the role of the region for Germany is negligible. In the field of private foreign investments Germany comes third behind the USA and Spain, with some 60 billion US dollar investment capital – including re-investments and investments from the tax havens¹².

As a trading and cultural nation – in the narrower sense – Germany's presence in the region is diminishing. Involvement by civil society, on the other hand, is on the increase. Relations between parties, unions, churches, universities and NGO's are not only close, they also enjoy high repute. This also applies to German development aid in those countries where it is still active and which, with 7 percent of total aid, occupies fourth place in Latin America. This largely accounts for why Germany is seen in the region principally as a civilian power, meaning that even in the context of reforms to be undertaken in the security sector in some countries, the German model of civil-military relations is often quoted as an example to be followed.

Since the region does not present a security risk to Germany, nor does it promise economic miracles, and with no population explosion in sight, Germany's interests in Latin America coincide largely with its general foreign policy profile. Thus the main thrust is on efforts to reduce conflict within and between societies in transformation, on the promotion of political stability through support for democratic institutions, for a pluralistic society by support for the work of parties, unions, churches and civil society and their links with Germany. The traditional – but hitherto relatively unsuccessful – efforts by Germany to promote the social market economy and the development of regional integration also play a prominent role. Specifically German interests in Latin America continue to be aspects of cultural cooperation, as in the maintaining of German schools and scientific-technical cooperation – as for instance in the development of renewable energies and the utilisation of regional biodiversity.

Europe's position as a whole in the region is not too good – mainly due to its agricultural and trade policies. In any case the Latin American countries prefer and cultivate their bilateral relations – following the US example. Here the European order of importance is now Spain – France – Great Britain – Italy, and then (with variations according to the country) Germany. To disguise German interests as EU interests and vice versa has not paid off for the Federal Republic and is not convincing within the region, given that Europe acting in concert is often perceived as more of a hindrance than a help. It is precisely because Latin Americans are so reluctant to fulfil their own integration compromises and always give priority to national interests¹³ that they have difficulty in accepting that Europe has a common interest in the development of the region. There is less and less evidence of the much quoted "strategic partnership" with the EU in the region – due largely to the lack of any respectable results -, one exception being the joint commitment to multilateralism, notably evident in closer cooperation within the United Nations (UN). Some examples of this are the positive attitude on the part of most governments in the region to the work of the International Criminal Court and an increasing readiness to

12] Rößler, Peter: Ausländische Direktinvestitionen in Lateinamerika und der Karibik, in: Lateinamerika Analysen 15, 3/2006, IIK, Hamburg, P. 199–224, here: P. 208–209.

13] Mols, Manfred: Lateinamerika – Hinterhof der USA oder „global player“?, in: Politische Studien, 57:407, Mai-Juni 2006, P. 70–79; Mols rightly asserts (P.76): "True integration in partial fusion processes with others is out of the question where national sovereignty is the sole guideline for foreign policy and international conduct."

cooperate on international environment issues (Kyoto Protocol and emissions trading) as in the preparation and implementation of UN peace missions.

II.1. Recipes for Dealing with "Distant Relatives"

It is imperative to heed the diversity of political cultures and development perspectives within the region as well as differing framework conditions within the international system and not to overdo the selling of own-brand models or historic experiences as "best practice".

Given the democratically initiated policy changes and the shifts in economic and social policies these sometimes entail, it is important to concentrate on long term cooperation and to focus not necessarily on the interests of individual social groups or companies but on preserving democratic processes – also in the face of claims from the "socialism of the XXI century" (Ecuador, Venezuela).

It is vital to promote the development of state-led steering and efficiency capacities by supporting democratic institutions and not to leave social development mainly to market mechanisms. This applies particularly to the enforcement of the principles of the rule of law as a foundation for improving social justice.

In the intergovernmental context it is indispensable to give systematic support to policies in the region that reduce conflict – especially confidence-building measures of a political, economic and military nature – which includes in particular those operating between differing government and development models.

Cooperation and integration efforts should generally be supported, even if they do not correspond to the logic and current phase of development of European integration processes or are not looked upon favourably by the USA; indeed, in dealings with Latin America, the USA should not be regarded as the "be all and end all of German foreign policy".¹⁴ The association agreements with the EU offer the region an important instrument for foreign and economic policy diversification as an alternative or supplement to bilateral free trade agreements with the USA. It is also important not to neglect the bilateral profile in the region and not largely replace this with collective EU policies. This applies in particular to those policy areas in which the Federal Republic plays a leading role in the region, as for instance by the promotion of democracy, environment policies and scientific-technical cooperation.

Finally, it is important in the field of international economics to be prepared to address internal clashes of interest within the EU and at the transatlantic level with the USA and to make real concessions to the region on market access issues. Thus an association agreement with Mercosur, whose most important trading partner is the EU, cannot be reached without far reaching compromises by the European side in particular, thereby making a contribution to consolidation of the region which goes far beyond any economic benefit it may have for either of the two sides.

14] Hellmann, Gunther: Agenda 2020: Krise und Perspektive deutscher Außenpolitik, in: Internationale Politik, N° 9/2003, P. 39–50: here: p. 48.

III. Possible Scenarios – “Isolation or Integration”

III.1 The “extreme West” as a Globalisation Loser

By 2020 the region will have attained a high degree of marginalisation in the international system and become more heterogeneous both in the intra- and inter-state context. Whereas Mexico and Central America and much of the Caribbean including energy-rich Cuba have aligned themselves to or are associated with a North American Community led by a strongly “latinized” USA, South America has not managed, despite several promising attempts – of which Mercosur deserves special mention – to build a viable cooperation and integration structure capable of entering alliances. Intraregional perceptions in this part of Latin America were at times so divergent that a geographical division of Latin America into a Pacific and an Atlantic bloc were anticipated. In this process most of the nations from Mexico to Chile saw themselves as market conformist modernisers as far as economic policies and their close cooperation with the USA were concerned, whereas development models from the Venezuelan to Argentina were rejected by this groups, as by the USA, as a return to outdated forms of state intervention. Brazil has withdrawn increasingly from responsibility in the region as a

result of widespread rejection of its leadership role by its neighbours and has expanded its close political and economic ties to India, China and Russia as a result of its outstanding position as one of the world’s most important food and energy producers. As a reaction to the proliferation of new nuclear powers Brazil itself has now become a member of the Nuclear Club – for reasons of status and on technological grounds - in the face of vigorous opposition from the US.¹⁵ The disputes among the other countries in the region on better access to energy sources and markets has resulted in a number of short-term border disputes and a lesser number of border shifts.

Democracy in various guises has asserted itself in the region, with the participation of indigenous groups in the Andean states considerably increasing and the role of traditional parties further decreasing. The replacement of elitist groups has resulted in great instability and social crises and has contributed to further marginalising South America as an actor in the international system. The diversity of development models in the region and the lack of readiness for concrete regional cooperation have had a negative impact on international competitiveness - with the exception of Brazil - and has thus led to a decline in economic growth in the region. The inability of most countries in the region to create a better social balance and the increasing gap between election promises and real social improvements have eroded the legitimacy of democratic governments and have brought about a further increase in the role of the informal economy and of organised crime, with emigration also rising. Political parties and the judiciary have continued to lose their legitimacy and are only regarded as relevant institutions by a segment of society. Continuous internal political conflicts in the region have led to a number of state-led internal and external arbitrary measures, thus moving the military more to centre stage but without it actually taking over power in any of the states. National and regional instabilities caused the call

for law and order to grow ever louder and the rise in organised crime and drug related crime has pushed up spending on public and private security in the region to formidable levels. The numerous intraregional conflicts meant that no new regional security structure was able to emerge after a number of Latin American states followed Mexico’s example and abandoned not only the Inter-American Reciprocal Assistance Treaty (Tratado Inte-

15] Weber, Steven et al.: How globalization went bad, in: Foreign Policy, Washington D.C., January-February 2007, S. 48–54, here: P. 52; Weber describes the necessity: „Having your own nuclear weapon used to be a luxury. Today, it is fast becoming a necessity.”

americano de Asistencia Reciproca – TIAR) but also withdrew from military cooperation with the USA.

With the exception of Brazil, the region sees itself as a globalisation loser. Its traditional partners, the US and Europe, have largely downgraded their connections with the region and Asia – with the exception of ongoing interest in raw materials – has not developed any relations of note beyond those with Brazil. At the same time, China has flooded the region with industrial products and forced Latin America increasingly into the role of a supplier of raw materials. With society increasingly ageing – another result of protracted emigration – and despite the lack of any national or regional cohesion due to the inability of development models to reform and adapt, the majority of the regional elite cling to their „Western values“ and see their countries as established democracies -without being able to realise these values within their societies. In an international society which has become ever more open and competitive, the region's inefficiency in managing its human and economic resources, insufficient investments in the future and inadequate readiness for radical social changes on the part of most of the elite at the close of the last century and beginning of this century, the region has missed the boat heading for the modern age.¹⁶

The EU is almost exclusively engaged in Europe and has concentrated its foreign and security policy energies on Russia and the Middle East, while extending its economic interests to Asia, a region constantly gaining in importance as a partner in globalisation.

Latin America has continued to lose shares in trade and investment in the EU and is only regarded by the EU as having strategic importance in the raw materials sector since increased production of genetically modified food and animal feed has led to a steep drop in imports. The triad sought between the US, Latin America and Europe¹⁷ at the end of the last century has been replaced by the much more effective US – Latin America – China triangle.¹⁸ This development has been registered without much protest in Germany, with its numerous alternative international priorities, a reaction also prompted by the inability of most societies in the region to find solutions to their transformation problems acceptable to most of the population and overcome their almost exclusively introverted political engagement. Not affected by this is scientific-technical cooperation and the energy sector in particular – as witnessed by the building of numerous nuclear reactors¹⁹ and the development of bio fuels. The initially promising cooperation in the field of international environmental policy has shrunk somewhat, however.

16] Naim, Mosés: The lost continent, in: Foreign Policy, November-December 2006, Washington D.C., P. 40–47; c.f. also: Drekonja-Kornat, Gerhard: Das Ende Lateinamerikas?, in: Blätter für deutsche und internationale Politik, N° 11/2006, P. 1373–1379.

17] Grabendorff, Wolf: Triangular relations in a unipolar World: North America, South America and the EU, in: Grabendorff, Wolf/Seidelmann, Reimund (Ed.): Relations between the European Union and Latin America, Baden-Baden, 2005, P. 43–69.

18] Tokatlian, Juan Gabriel: Latin America, China, and the United States: a hopeful triangle, in: Open Democracy, 9.2.2007 (www.opendemocracy.net).

19] c.f. numerous discussions on the future, more important role of nuclear energy in the region, also advocated by the Secretary General of the OAS, Insulza, José Miguel: La energía nuclear para la paz, in: La Tercera, Santiago de Chile, 18.2.2007, P. 3.

III.2. The Integrated South as Partner in a Multilateral World

In spite of the regional split into a northern, more US-oriented part of the “North American Community” and a South American Union of Nations (Union Sudamericana de Naciones – Unasur), Latin America has succeeded in surviving radical changes in the international system with its democratic structures and cultural identity relatively intact. The division was on the one hand brought about by the attraction of the USA, not only as a market and a melting pot, but also as a stability and security factor. It was mainly the USA’s own security perceptions, however, which led it to regard Mexico, Central America and the Caribbean as its almost exclusive sphere of interest and to swallow a number of concessions to this subregion – mainly in the trade and migration policy area - in the process of expanding the “North American Community” in order to create a common market including the energy network decisive to its interests. In this process, Mexico succeeded in retaining at least a part of its earlier leading role in Latin America through close alignment to the Unasur and its bridge function between the differing political cultures of North and South America, although its global role was greatly reduced by intensive integration with the USA. In spite of several attempts, there has been no success in establishing a free trade zone between North and South America, meaning that the Organisation of American States (OAS) remains the sole institutional link between the two blocks.

The comparatively low interest shown by the USA in South America – despite ongoing tensions caused by the narcotics production in the Andean States and the Brazilian and Venezuelan energy policy options (“Bio fuel” and “petrodiploamacy”) – gave the region the opportunity at the start of the century to strike out on a path of its own, following the example of the rise of Asia and combining the successful functioning of formal democracies with international competitiveness. Divergent development models and alliances meant that intraregional conflicts initially dominated the scene and appeared to pose a threat to the integration process. But then Brazil succeeded, with a clever neighbourhood policy employing economic and political tools, in bringing about a balance of interests between the disintegrating Andean community and an extended Mercosur. This not only introduced a new brand of cooperation into the Unasur but also established a South American security structure whose military capacity has been utilised predominantly by the UN for peace missions.

Unprecedented here – and in some countries only understood and politically accepted after considerable effort – was recognition of the necessity for radical reforms, particularly in the social sector, and a new definition of the role of the state. This evolutionary process, too, was initially triggered by the policy of redistribution in Brazil. The gradual modification of the various development models and the relatively

swift creation of a South American internal market led to a slow but effective lessening of regional and national instabilities and to the first signs of a noticeable reduction in social and regional inequalities. In this process, the development of regional infrastructures and the massive use of structural funds as instruments of development proved their worth and also reduced regional conflict considerably. South America succeeded in becoming largely independent of energy imports by skilful use and integration of the energy resources it possessed and by developing renewable energies. It was not, however, able to reach the position it aspires to as a global production platform because of the Asian head start in terms of industrial and research capacities and the doubts of multinational companies as to the reliability of national politics. On the other hand, the processing of the regionally abundant mineral raw materials and the socio-politically not undisputed expansion of “Agrobusiness” made a positive impact on trade figures. A strong diversification of trade flows with a measure of concentration on South-South relations was

able to compensate for the partial loss of traditional markets in the “North American Community” and the EU.

Admittedly, democratic development in the region did not always bring the desired results. The failure of political parties already evident at the start of the century led to a situation where a more authoritarian form of rule made up of elected and often even re-elected “Caudillos” becoming established in many countries in the region. The reason for this were economic and social advantages for the majority of the populace which quickly took effect, with the opposition often rightly criticising the loss of pluralism and restrictions on the rule of law. Critics claim to recognise the Asian “role model” here as well.. On the other hand, the observance of a high standard of human rights in all the states and the clearly democratic attitude of the South American military must be recognised. The public security problem still requires additional attention despite the generally strong position of central governments in the region, as some states have fallen into disrepute as a result not only of the violence of social protest but also the almost unlimited spread of transnational crime. The regional cooperation between the police forces and the judiciary leaves much to be desired.

The states of northern Latin America play a more subordinate role in international organisations or largely vote together with the USA; the Unasur, in contrast, has become an important partner for the EU in a multilaterally oriented world order. In matters affecting the international finance architecture and reform of the World Trade Organisation as in the difficulties surrounding the establishment of the World Environmental Organisation, for instance, the Unasur has in complex consultations with the EU and in initiatives of its own made a real contribution to the further development of central instruments of “global governance”. Through its close relations with Africa and Asia it has become a central partner for the EU in peace and environmental policy areas in particular; it acts as a kind of spokesman for the South on world trade issues and frequently criticises the systemic advantage of the developed economies in the global economic framework of regulations. The EU, which has emerged fortified from numerous transatlantic and internal European crises, has by now reached the position of “global player” and is able to function as a “rule maker” and not merely as a “rule taker”, not only in the process of designing rules of economic globalisation but also in relation to new alliance and security structures. The EU’s integration capacity, often doubted at the start of the century, has since gained foreign policy legitimacy, from which it benefits in particular in relation to the integrating regions in the south. The Federal Republic, as the historic motor of European integration, has been one of the main beneficiaries and this is reflected in its increased importance in Latin America. In this development, Germany’s competence as a partial but reliable partner in the modernisation of the state – something that was neglected for decades in Latin America in favour of modernising the economy – has assumed central importance.

IV. Options for Germany's Political Role – “A Partial Partner”

In the light of the various scenarios for development in the region, Germany and the EU can only be partners in part, with only limited influence on social and economic developments in the Latin America of the future. By taking a partnership approach, Germany can make some contribution to the dimensions and form of the eventual ability of the region to form alliances within the international system. Its major “strategic” partner in the region should continue to be Brazil, also with the aim of keeping this key “global player” – between the USA and Asia – as an alliance partner for the EU in at least some areas.²⁰²⁰ A bilateral orientation of this kind in dealing with the individual states and also with the region as a whole promises higher efficiency and would be viewed more positively by both sides. This could apply, for instance, to global issues with Brazil²¹, to Colombia in relation to security issues, to Bolivia on developmental issues and to socio-political questions with Chile. Of the regional organisations, the Rio Group and CAN are still phase-out models, whereas the Unasur – building on the basis of Mercosur – could develop under Brazilian leadership into an integration model adapted to the exigencies and challenges of globalisation, something to which Germany should pay special attention.

VI.1 Defining German Interests

A little often goes a long way, and this applies to foreign policy too. Instead of being on the spot with programmes in (nearly) all of the countries, the German government should clearly formulate its interests in the region and define those sectors and themes in which it intends to get involved or in which it will invest. Criticism of this both in Germany and in Latin America will be inevitable, but a concentration on maintaining priority interests – political, social, economic and cultural – would make relations with the region more transparent and lower the costs of unfulfilled expectations on both sides.

The brunt of the work on weighing up the various interests involved – including the ones of non-governmental actors will fall to Germany itself. This Germany will become a partial, but predictable partner for the region.

IV.2 Harmonising European Policies

It is obviously not an easy task to harmonize a multitude of national policies and interests, but surprisingly enough in the case in point less difficult than vis-à-vis other, more conflict-ridden regions where member states have much more vital historic and strategic interests. In any event, Spain's twenty year old claim to sole representation as advocate of EU policy in Latin America must be ended as it has contributed to a somewhat colourless EU presence and does not do justice to the importance of British, French, German, and Italian interests in the region. A clear division between bilateral and common policies alone can bring about a better image for the EU and its member states in the region. The position of the Federal Republic in Latin America would benefit from a laying open of the conflicts of interest within the EU (i.e. negative effects of France's agricultural policy on the EU-Mercosur negotiations), as would its efforts in more short-term concerns, such as improvement of the EU banana regimen and the EU food market regime, the expansion of the debt forgiveness in the Paris Club or easing of technology transfers. This would not only define Germany's profile in Latin America more sharply, it would increase the region's readiness to enter alliances in global cooperation with the EU.

20] Viola, Eduardo: Brazil in the politics of global governance and climate change, 1989–2003, Working Paper N° CBS-56-04, 2004, Centre of Brazilian Studies, University of Oxford.

21] Schirm, Stefan A.: Führungsindikatoren und Erklärungsvariablen für die neue internationale Politik Brasiliens, in: Lateinamerika Analysen 11/2005, IIK Hamburg, P. 107–130. here: 125–127.

IV.3 Accepting Latin American Diversity

In Brazil, Chile or Mexico, Germany and the EU are regarded as very different partners with quite diverging interests. The EU's attempt to treat Latin America as an entity, to define common political interests - which are also supposed to be based on an almost unattainable common world view - in the face of trade agreements which are far from being identical - has undoubtedly placed unnecessary burdens on bi-regional cooperation. This perception was based on the idea that the region would in future undergo a similar process of unification as in Europe, although it seems to be more in the process of showing ever increasing heterogeneity as far as its development models and political styles are concerned. It cannot be coincidence that the most far reaching forms of association with the EU have been achieved by two single states, Mexico and Chile – albeit for very different reasons – whereas group-to-group negotiations with the sub-regional integration models have proved to be not only difficult, but also protracted. Because of their international standing, dealings with Mexico and even more so with Brazil should assume a different priority in German foreign policy than that of other states or sub-regions. This applies in particular to questions of “global governance”. Participation by Brazil and Mexico in the G-8 talks is already one expression of this policy and should also be reflected by offering Brazil membership in the OECD – of which Mexico has been a member since 1994. It is essential to accept this diversity not only in respect to size, economic clout and international reputation, but also in relation to the contrasting development models and political styles in Latin America.

IV.4 Preserving Constitutional Democracy

The Federal Republic would be well advised to strengthen its role in preserving governability in polarised societies by efforts to consolidate democracy, constitutional reform measures and the promoting of civil society, while at the same time more strongly emphasising its political preferences in the region. A good opportunity for this would be a concerted state modernisation action, directed both at improved intervention possibilities for the state in economic and social developments and at achieving the requisite transparency and “accountability” of government measures. This is not possible without emphasising division of power and the ongoing strengthening of parties, unions and civil society as essential elements in a democratic society.

At the same time it is important not to tolerate the typical “way out” offered by militarisation²² in the region and some of its polarised societies. A policy of this kind calls for a high degree of flexibility and patience in dealing with the diversity of national political and development strategies and the different pace at which Latin American states modernise and are integrated into the globalisation process. It thus poses important challenges for the work of German partner organisations.

22] c.f. inter alia.: International Crisis Group: Venezuela: Hugo Chavez's Revolution, Latin American Report 19 (22.2.2007), Brussels, here: P. 16–17.

IV.5 Reducing Social Inequality

Improving governability and strengthening democracy and the rule of law are indispensable prerequisites for the reduction of inequality, something that is found low on the list of priorities in most Latin American states. The Federal Republic should not miss any opportunity of pointing to this decisive element in a social state and one without which no reduction of social conflicts and crime can be expected. A nation does not only consist of flags, uniforms and anthems, but also of the experiencing of social solidarity. EU policy is taking a step in the right direction in stressing the concept of "social cohesion" in its bi-regional efforts; but it is not making it sufficiently clear that the implementation of this concept requires radical re-thinking on the part of the Latin American elite as well as a clear policy of redistribution in favour of the disadvantaged population and a forward-looking policy in relation to an improvement of social mobility (education and training chances). For Germany, consistent support for a policy of this kind means accepting conflicting interests in its own spectrum of interest and cooperation with new elites in some states in the region.

IV.6 Promoting Regional Integration

German and European experience with integration are a resource in German policy which is still required in the region and which enables the Federal Republic to play a leading role in promoting subregional and regional integration initiatives. In this process, care should be taken to give greater consideration than hitherto to the totally different historical contexts and preconditions in Latin America. This could mean that support for neighbourhood policies – for instances following the Franco-German or German-Polish experiences – is currently more important than support for regional parliaments (Parlacen, Parlandino, Parlasur) in Latin America, where even national parliaments generally play a very subordinate role in political (especially foreign policy) decision processes. The Federal Republic also has a privileged starting position in bilateral cooperation as regards the development of cross-border cooperation and enhanced confidence-building measures as well as in the promotion of a mutual coming to terms with the past. Yet all these efforts will be of little avail if no progress is reached in achieving substantial concessions on the part of the EU – particularly in the case of Mercosur – which would contribute more than anything else to a stabilisation of integration efforts in the region.

IV.7 Demanding Global Responsibility

The "common world view" of both regions so often cited by the EU has been largely lost as a result of inevitably very diverse adaptation to the process of globalisation. This means that the mutual commitment to multilateralism should be underpinned on the German side by specific offers of long-term cooperation in relation to joint global responsibility. This could definitely include coordination of initiatives and planned regulation on the effects of climate change, not only in relation to energy consumption, development of renewable energies and emissions trading, but also common efforts for the conservation of air, water and forests and general biodiversity, with which no region in the world is so richly endowed as Latin America. Part of the global responsibility now also to be put to the test is the region's political readiness to work constructively on the solution of its own central conflict situations. It should no longer – from a misguided understanding of sovereignty that no longer seems to fit into a globalised world order - expect solutions to conflicts to come exclusively from outside, meaning the USA. This means not only helping to bring to an end the internal war in Colombia but also taking over regional responsibility for the highly complex domestic, economic and foreign policy transformation process in Cuba. If Germany succeeds in developing interest in the region for its global role and

the cooperation exigencies this entails, this would not only go a long way to solving the problem of being on an “equal footing” with Europe but also ensure continuing partnership on future challenges, to the advantage of both sides.

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