

## **Bilateral and Regional Relations of the EU with Mexico, Central America and the Caribbean**

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“Latin America” is an expression of French origin from the 19<sup>th</sup> century. It designates countries on the American continent that belonged to mother states with neo-Latin languages in the colonial era; that is, they were either Spanish, Portuguese, or French colonies. Where Hungarian terminology considers the Caribbean a part of Latin America, the Anglo-Saxon usage tends to separate the West Indies from the mainland and thus employs the term “Latin America and the Caribbean” (LAC). The latter will be applied here.

EU–LAC relations are divided into two chapters in this book. One deals with the EU–South America nexus, while this chapter focuses on links between the European Union and states situated south of the United States and north of Colombia. These cover an area of approximately 2.7 million km<sup>2</sup> and contain more than 200 million people. In everyday speech, especially in Hungary, Mexico is commonly referred to as part of Central America. Geographically speaking, however, Mexico is a country in North America. It has a population of 123 million people (2016), distributed over a territory of almost 2 million km.<sup>2</sup> Mexico is four times larger than Central America, and its population is approximately three times bigger than that of the isthmus.

The concept of Central America is used in this text to refer to six states: Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama. The territory of these countries used to belong to the Spanish crown during the colonial era; they are situated on the narrow strip of land that connects North America with South America (“the Isthmus”). The expression Caribbean will be used to refer to the islands, excluding the sea. The Caribbean thus is the smallest of the areas considered here at less than 240,000 km,<sup>2</sup> but it is the most densely populated and culturally diverse area.

This essay examines the development and the recent state of relations between the EU and Mexico, between the EU and Central America, and the EU–Caribbean nexus. It embraces channels of bilateral communication, the most important institutions and declarations, details on the financial background of the partnership and the results achieved, and challenges.

### **A Decade of Change: The 1980s**

In order to draw the historic context of EC–Latin America links, we should go back to the 1980s, when links tended to grow stronger. The reasons included democratic opening

and import liberalizations in several Latin American countries as well as the southern enlargement of the European Community.

Economic crises, in particular the 1982 general crisis, hit the continent hard and had a significant role in bringing down Latin American dictatorships. Civilian presidents took the place of military leaders in Bolivia (1982), Argentina (1983), and Brazil (1985). The nascent process of democratization helped bring Latin America and Europe closer.

Import substitution (IS) policies dominating the 1950s and 1960s and still in use in the '80s, were proven outdated by the economic and financial hardships. Latin American countries were forced to shift to more liberal economic policies. Many opened their markets. This meant an opportunity for foreign, including European firms, and provided both a basis and a further reason for intensifying European–Latin American ties.

The accession of Spain and Portugal to the EC also weighed heavily in bilateral relations. These countries, the former colonizing powers in Latin America, brought their foreign policy priorities to the Community and lobbied for more attention towards the Americas.

In 1976, the European Community put into effect its first cooperation program with the developing countries of Latin America and Asia (known in Spanish *Países en Vías de Desarrollo en América Latina y Asia*, or PVD–ALA) to aid rural development and food production. Nonetheless, it was owing to Spanish efforts that in 1989 a specific portion of the budget of this program was reserved for Latin America. This would eventually lead to an increase in funds specially earmarked for Latin American countries – first 25% of the total, and since then, 35%. (ROY–GALINSOGA 1997, 110–111.)

Altogether, a more open Europe towards the Americas and a politically and economically transforming Latin America formed a favourable context for improving bilateral relations.

### *Central America*

Central American countries became a focus of European attention in the 1980s. The reasons were not related to the general tendencies in Latin America, as the Isthmus formed an exception. Thus, it was not democratic transition or trade opportunities that drew European attention. On the contrary, it was instability and civil strife that “put the Isthmus on the map” for both the European Community and the Socialist Bloc.

In 1979, the Sandinista National Liberation Front<sup>1</sup> overthrew the Somoza dictatorship in Nicaragua. This did not bring stability and prosperity to the country though. Nicaragua was torn by civil war between the Sandinistas (supported by the Socialist world) and the Contras, financed by the U.S.

Neighbouring Salvadorians, seeing it was possible for a national liberation movement to attain power, formed their own organization, Farabundo Martí,<sup>2</sup> in 1980. A violent civil war broke out which left more than 70,000 dead, and ended only in 1992.

<sup>1</sup> Named after Augusto César Sandino (1895–1934), the “General of Free Men” one of the national heroes of Nicaragua.

<sup>2</sup> (1893–1932) – a revolutionary and Communist activist from El Salvador.



Civil strife was destroying Guatemala as well. It witnessed the most protracted conflict, a civil war lasting from 1960 to 1996. It resulted in approximately 200,000 dead and an additional 45,000 people “disappeared” while some 100,000 were forced to leave their homes. More than 80% of the affected were indigenous Mayas. (BBC Mundo 2015) The violence and length of the civil war, and especially its ethnic implications, directed international attention towards Guatemala in the 1980s.

Thus three of the six countries in Central America were severely affected by civil war. Several efforts were launched to restore peace and stability in the area. One important initiative was the Contadora Group formed by Mexico, Venezuela and Panama; it later expanded and turned into the Rio Group, an important partner of the European Community. Latin American countries took an active role in negotiations in Central America; the European Community had its share. The latter can be seen surprising for the Isthmus is considered a U.S. strategic interest, therefore European presence might not be welcome. It was in fact the San José Dialogue that the first links were formed between the region and the EC. In 1984 the president of Costa Rica called for a meeting among Central American countries, EC member states, plus Spain and Portugal, as well as the Contadora Group. The first summit organized in the Costa Rican capital, San José in September 1984, was the beginning of the so-called San José Dialogue, launched to advance the peace process on the Isthmus. A second meeting in Luxemburg in 1985 (San José II), already institutionalized political dialogue by creating annual ministerial meetings among the Parties.<sup>3</sup> This proved to be a long-lived forum, as it continued to function even after the end of the Cold War and the civil strife in Central America.

“The EC’s Central America policy was predominantly politically inspired and economic considerations were minimal.” (SMITH 1995, xv.) Yet besides the above-mentioned very important political line, we can find the roots of economic cooperation in the 1980s, formalized by the Central American Cooperation Framework Agreement in 1986. Its objectives included “to broaden and consolidate economic-, trade and development cooperation relation” between the EC and the Isthmus, “to help revitalize, restructure and strengthen the process of economic integration of the Central American countries” as well as “to promote financial assistance and scientific and technical cooperation likely to contribute to the development of the Central American Isthmus, particular emphasis being placed on rural and social development”. (Cooperation Agreement 1986) The document also stated that the Contracting Parties would grant each other, with regard to imported or exported goods, most-favoured-nation treatment. No political goals or fields were mentioned. As it can be noted, political and economic interests appear in different documents, implying that they were treated as separate issues in the decade. Later this approach would be modified.

### *Mexico*

Diplomatic ties between Mexico and the European Economic Community (EEC) go back to 1960. This means the nexus is almost as old as the European community. This long

<sup>3</sup> For more on the declarations adopted at the different annual meetings, see Oficina de la Delegación de Comisión Europea en Costa Rica 2003: *Las Conferencias Ministeriales del Diálogo de San José (1984–2002)*. San José.



relationship is not exceptional, as other Latin American countries established official ties with the EEC at the beginning of the 1960s. Yet these early contacts hardly affected bilateral cooperation. First-generation framework agreements were signed in the 1970s, starting with Uruguay in 1973. Mexico signed this kind of agreement in 1975. (ARRIETA MUNGUÍA 1999, 16.) The '80s were rather uneventful in EU–Mexican relations; no new agreement was signed in the decade. The EC's attention was drawn more to Central America. No democratic opening took place in Mexico in the 1980s, and there was an electoral fraud in 1988 that brought Carlos Salinas to the presidency, yet these were not the real reasons for the lack of attention. The EC was more interested in economic opportunities than in Mexican politics; it opened a representation in Mexico City in 1989, just after the elections. This elevation of bilateral relations was motivated by and connected to the pending North American Free Trade Agreement (NAFTA) and European worries related to it.

### **After the Cold War: The 1990s**

The end of the Cold War, the collapse of the Soviet Union and the Socialist Bloc, and fading ideological concerns brought a decrease in U.S. attention towards Latin America and more freedom of action for its countries. The example of Spain (peaceful democratic transition, economic growth, and accession to the EC) was attractive. In 1991, the Ibero–American Community of Nations was founded in Guadalajara, Mexico, with the participation of nineteen Latin American states, Spain, and Portugal. “The idea of holding Ibero–American Summits was a joint initiative of Spain, Mexico and Brazil in the context of the 5<sup>th</sup> Centenary of the Discovery of America, in order to give a new boost to Ibero–American relations.” (Marca España 2015) The intensification of the Spanish–Latin American nexus had a positive influence on EU–Latin American relations. Bi-regional links also intensified during the decade and reached an important milestone in 1999 with the birth of a strategic partnership.

#### *Central America*

By the time the Second Central American Cooperation Framework Agreement was signed between the EC and the Central American countries in 1993, peace efforts had been successful everywhere except Guatemala. In Nicaragua, the Sandinistas handed over power to the anti-Sandinista coalition led by Violeta Chamorro after the general elections of 1990. In El Salvador, the fighting parties signed the Chapultepec Peace Accords in 1992.<sup>4</sup> The ex-guerrillas formed a political party to represent their demands. The Second Central American Cooperation Framework Agreement had a much wider scope than the first one. It covered more fields including transport, telecommunications, tourism, environmental protection, biological diversity, health, social development, anti-drugs measures, refugees and naturally, economic cooperation – with the mining and the energetic sectors being

<sup>4</sup> The Chapultepec Palace in Mexico City used to be the residence of Maximilian of Habsburg, emperor of Mexico between 1864 and 1867.

highlighted. (Acuerdo-marco de cooperación 1993) One of the 39 articles even dealt with political issues (Article 27: cooperation on strengthening democratic processes in Central America), a step towards having future agreements in which political and economic fields are intertwined.<sup>5</sup>

### *Mexico*

In 1991, Mexico and the EC signed a new framework agreement, which Mexico supplemented by bilateral treaties made with Spain (1990), France (1992), Italy (1994), and Germany (1996). The impetus was the coming of the NAFTA. The Mexican Government wanted the agreement, yet worried it might result in increased dependency on the U.S.<sup>6</sup> The EC hoped to prevent falling into a disadvantageous position vis-a-vis the North American market.

In 1993, just before Mexico joined NAFTA (1 January 1994), Jacques Delors, President of the European Commission, made an official visit to Mexico and proposed a special relationship with the country the same year. Right after NAFTA came into being, Mexico and the EU issued a joint communication expressing their will to strengthen relations. The Mexican Government, hit hard by the 1994 peso crisis, was eager to conclude a new agreement. Mexican GDP growth turned negative in 1995 (more than 6%), inflation soared, and approximately 2 million work places disappeared. The country's leaders turned to the U.S. for a loan. At the same time, they tried to secure support in Europe, both to soften the effects of the economic crisis and to speed up the negotiations for a new EU–Mexican agreement. (SZENTE-VARGA 2009, 5–6.)

President Ernesto Zedillo travelled to the continent in 1996 and visited Italy (then heading the rotating presidency of the Council of the European Union) and two traditional partners of Mexico: the United Kingdom and Spain. A document called the Global Agreement was signed in 1997. It covered the following areas: political dialogue (Title II), trade (Title III), capital movements and payments (Title IV), public procurement, competition, intellectual property and other trade-related provisions (Title V), and cooperation (Title VI). The latter is the most detailed; thirty-one of the sixty articles in the Global Agreement are dedicated to ways of cooperation. (European Communities 2000) A joint council made up of the members of the Council of the European Union, of the European Commission, and of the Mexican Government was set up to supervise the implementation of the treaty.

### **Recent Ties: The 21<sup>st</sup> Century**

Although Latin America was declared a strategic partner of the EU in 1999, another process drew the attention of the EU to the east: the transformation of the ex-Socialist countries and

<sup>5</sup> The agreement came into force in 1999.

<sup>6</sup> President Salinas was promoting it as a step of the 3<sup>rd</sup> world Mexico into the exclusive group of 1<sup>st</sup> world countries.



their possible incorporation. The Eastern Enlargement contributed to a temporary decrease of European interest in Latin America, with the possible exception of the Caribbean.

After the 9/11 attacks, the U.S. “neglected” Latin America as well, and this fostered trying political alternatives that were not possible during the Cold War. There was a renaissance of initiatives from the left in the 21<sup>st</sup> century. This “pink tide” started in Venezuela in 1999, when Hugo Chávez rose to power, and continued with Néstor Kirchner in Argentina and Lula in Brazil (2003). It continued with the ascension of Michelle Bachelet in Chile (2006), Evo Morales in Bolivia (2006), Rafael Correa in Ecuador (2007), and Fernando Lugo in Paraguay (2008). These atypical leaders could complicate negotiations with Europe. As cooperation efforts failed, the EU turned to a more differentiated approach, seeking to strengthen relations with certain countries and regions.

### *Central America*

A Political Dialogue and Cooperation Agreement was signed between the EU and the six Central American states in 2003. Only a few years later, the pink tide reached Central America with the emergence of Daniel Ortega in Nicaragua, 2007, Álvaro Colón in Guatemala, 2008 and Mauricio Funes in El Salvador, 2009. Whereas the tide has been receding in South America recently, it is still vigorous on the Isthmus: in 2017 El Salvador was led by the ex-guerrillero Salvador Sánchez Cerén, and Nicaragua by Ortega, the former Sandinista. The most recent association agreement was thus concluded between the EU and the Central American countries at a time (2012) when two of these states were run by political organizations born from guerrilla movements.

Since 2014, the EU has differentiated within the region and treated Panama and Costa Rica apart from the other Central American countries. They have a more balanced political and economic background, a GDP per capita (\$22,800 and \$16,100 respectively, 2016) two or three times more than in the other states, and a higher standard of living that is reflected in an elevated life expectancy of 78.6 years. (CIA 2016) Not surprisingly, these two countries can no longer apply for EU bi-regional assistance. Yet they can still benefit from regional programmes for Latin America and from sub-regional programmes for Central America.

Most countries on the Isthmus have a territory of approximately 100,000 km.<sup>2</sup> the most important exception being tiny El Salvador, with only 21,000 km.<sup>2</sup> Yet the population of El Salvador (6.1 million, 2016) is higher than that of Panama (3.7 million, 2016) and Costa Rica (4.8 million, 2016). Guatemala is the most populous country in Central America (15.2 million, 2016) but it is also the place where the highest proportion of citizens live below the poverty line (59.3%, 2014) and is characterized by the worst Gini index (53, 2014). Distribution of household income is uneven in all Central American countries, with a strong concentration in the upper layers. The highest 10% of the population enjoys at least 30% of all household income or consumption, the figure exceeds 38% in Guatemala, Honduras, Panama, and Nicaragua.



*The Caribbean*

Cooperation goes back to the Lomé agreement signed in 1975 by African, Caribbean, and Pacific Group of States (ACP) and the European Economic Community. It was renegotiated, modified and renewed three times, the latest being Lomé IV, signed in 1989 for ten years. At the turn of the millennium a new framework for cooperation came into being between the EU and the ACP: the Cotonou Agreement signed between 79 states and the European Union in 2000. It entered into force in 2003. It is characterized as “the most comprehensive partnership agreement between developing countries and the EU” by the European Commission. According to Article 4, “specific measures and provisions have been made to support island ACP States in their efforts to overcome the natural and geographical difficulties and the other obstacles hampering their development so as to enable them to speed up their respective rates of growth”. (EEAS 2010) This includes all of the Caribbean except Cuba, which did not sign the Cotonou Agreement.

The document establishes three pillars: development cooperation, political cooperation, and economic and trade cooperation. The agreement was revised in 2005 and 2010. The latest changes included new priorities, such as “mainstreaming into all areas of cooperation the following thematic or cross-cutting themes: human rights, [gender issues], democracy, good governance, environmental sustainability, climate change, communicable and non-communicable diseases and [institutional development and capacity building]”.<sup>7</sup> (EEAS 2010, 34.) Many of these, such as climate change, are among the main issues of EU–LAC cooperation in general.

The Cotonou Agreement was complemented by the Economic Partnership Agreement between the EU and CARIFORUM, a sub-group of ACP. The trade relationship is asymmetric between the EU and the Caribbean islands. For the islands, the EU is the second-largest trading partner after the U.S., whereas the Caribbean accounts for only 0.3% of EU trade (2016). There has been no growth in the volume of trade in the last ten years; it totalled 11,337 million Euros in 2006, and 10,576 million Euros in 2016. (EC 2017a, 2–3.)

In 2012, a Joint Caribbean–EU Partnership Strategy was launched. (EEAS 2012) It identifies five core themes: regional integration and cooperation in the wider Caribbean; climate change and natural disasters; crime and security; joint action in bi-regional and multilateral fora and on global issues, and reconstruction and institutional support to Latin America’s poorest and least-developed country, Haiti, hit by a catastrophic earthquake in 2010.<sup>8</sup>

Haiti’s neighbouring island, Cuba, has been a huge gap in the EU–Caribbean relations. A change is about to happen, as a Political Dialogue and Cooperation Agreement provisionally applies from 1 November 2017. This is the first-ever agreement between Cuba and the EU. (EEAS 2017) The European motivation is the coming end of 86-year-old Raúl Castro’s leadership and with it a change in the Cuban political and economic system that could benefit the EU. The Cuban goals include the diversification of contacts and the lessening of U.S. influence.

<sup>7</sup> The old priorities are in brackets, the newly included ones appear without brackets.

<sup>8</sup> Life expectancy in Haiti was 64.2 years, and the GDP/capita reached only 1,800 USD in 2016. Social differences are huge; the latest available Gini index is 60.8 (2012). Source: CIA 2017.



*Mexico*

The Global Agreement signed in 1997 came into force in 2000.<sup>9</sup> That year the Free Trade Agreement between the two parties was signed, and the Institutional Revolutionary Party (PRI) lost a presidential election after ruling Mexico for more than 70 years. The optimism dwindled with the years, however, as the country fell short of a system change. The disenchantment of large segments of population made radical political alternatives more attractive, and the candidate of the Party of the Democratic Revolution (PRD) had a real chance to win the presidency in the 2006 elections. According to the official results, he lost by 0.5%; many Mexicans are still convinced there was an electoral fraud. Felipe Calderón became president with questionable legitimacy that he tried to mend by introducing a new drug policy. The solutions offered, however, did not match the complexity of the problem, and instead of reducing the drug trade and making cartels disappear, they contributed to the spread of violence. By 2011, 69.5% of Mexicans said that they did not find their environment safe. (INEGI 2013) In these circumstances, European attention and aid were most welcome.

Mexico became a strategic partner of the EU in 2008. The core argument, expressed in *Towards an EU–Mexico Strategic Partnership* is that:

“Mexico truly forms a cultural, political and physical ‘bridge’ between North America and Latin America and, to a certain extent, between industrialized countries and emerging ones. Mexico’s ‘bridging’ position is one of its main assets in the context of a progressive multilateral and multicultural international community.” (EC 2008)

In 2016, negotiations began to update the Global Agreement signed in 1997. The last round took place in April 2017. The EU emphasized positive developments: the growth of the EU (thirteen new states since 1997), the launching of the Euro, and Mexico becoming “one of the world’s most dynamic emerging economies”. (EC 2017b)<sup>10</sup> The Mexican weekly *Proceso*, on the other hand, has been rather critical.

“Mexican trade and economy continue to depend excessively on the United States. The agreement with Europe – a region which was overtaken by China as the second most important trade partner of Mexico – did not change this strong dependency simply because it was not able to diversify our commercial exchanges with that prosperous part of the world [...] It did not generate the promised places of work and socioeconomic impacts, either.” (APPEL 2017)

The Mexican Government would like to finish the negotiations for the new agreement soon, because the six-year term of President Enrique Peña Nieto ends in 2018. The plan is to finish the work on the political and cooperation part by the end of 2017, with the commercial portion to be completed by the end of 2018. The victory of Donald Trump in the U.S.

<sup>9</sup> For more on EU–Mexican relations at the turn of the milenium, see PÓLYI 2003.

<sup>10</sup> This statement seems to be overoptimistic, as GDP growth rate in Mexico averaged 0.61% between 1993 and 2017. (Trading Economics 2017)



presidential election, however, puts extra pressure on Mexican negotiators, since he has threatened to renegotiate NAFTA or withdraw from it. A stable and effective relationship with the EU is crucial now for Mexico. Yet the journalist of *Proceso* is pessimistic, in his vision Europe is more like the unscrupulous old colonizer under a modern disguise: "Mexico is in serious trouble and Europe can take advantage of this." (APPEL 2017)

### **Channels of Communication, Institutionalized Relations**

The institutionalized relations between the EU and Mexico, Central America, the Caribbean as well as South America (for the latter see the EU–South America chapter of this book) form a part of the framework of EU–Latin American connections. One top-level channel of dialogue is the bi-regional Summit of Heads of State and Government of the European Union and Latin America and the Caribbean (EU–LAC), the first of which took place in Rio de Janeiro in 1999. Similar events have been organized every two years since 2002: in Madrid (2002), in Guadalajara, Mexico (2004), in Vienna (2006), and in Lima, Peru (2010). Important forums and instruments, such as the European–Latin American Parliamentary Assembly and the EU–LAC Foundation, were set up on these occasions.

The European–Latin American Parliamentary Assembly (EuroLat) was established at the summit in Vienna to support preparatory work for future summits. The assembly consists of 150 members: 75 from Europe and 75 from Latin America and the Caribbean. EuroLat consists of a plenary session, an executive bureau, standing committees, working groups, and a secretariat. The assembly is headed by two co-presidents, one European and one Latin American. The four standing committees are: "(1) Political Affairs, Security and Human Rights; (2) Economic, Financial and Commercial Affairs; (3) Social Affairs, Youth and Children, Human Exchanges, Education and Culture, and (4) Sustainable Development, the Environment, Energy Policy, Research, Innovation and Technology." (EuroLat 2014)

The EU–LAC Foundation was set up at the summit held in Madrid. The organization has its headquarters in Hamburg and started working in 2011. It has more than sixty member countries: approximately half of them from Latin America and the Caribbean, and the rest from Europe. The EU is also a member.

The 2013 EU–LAC summit in Santiago de Chile ran at the same time as the first EU–CELAC Summit. "The Community of Latin American and Caribbean States embraces the legacy of the Rio Group and the Summit of Latin America and the Caribbean on Integration and Development (CALC)" (Declaration 2010) and includes all states from the regions. It was founded at the so-called Mayan Riviera in 2010, on the bicentennial of Latin American independence and centennial of the Mexican Revolution, by the Latin American and Caribbean Unity Summit. It began work in Caracas in 2011. Since 2013, there have been EU–CELAC summits every two years. After the first one in Santiago, summits were held in Brussels (2015) and in San Salvador (2017). The meetings of foreign ministers, which used to take place every odd year in the framework of EU–Rio Group summits, have been transformed into EU–CELAC ministerial meetings scheduled for even years. The first was organized in Santo Domingo in 2016.

There are specific channels for dialogue and action, both for Mexico and for Central America. There are specialized councils working under the Council of the European



Union: the EU–Mexico Joint Council, and the EU–Central America Association Council. The EU maintains a delegation in Mexico and, with the exception of Panama, in all Central American countries. Latin American countries make their EU connections via their embassies in Belgium.

### Documents on Bilateral Relations

At the end of the 1990s, EU–Latin American relations reached a landmark with the declaration of strategic partnership:

“We, the Heads of State and Government of the European Union, Latin America and the Caribbean, have decided to promote and develop our relations towards a strategic biregional partnership, based upon the profound cultural heritage that unites us, and on the wealth and diversity of our respective cultural expressions. These have endowed us with strong multi-faceted identities, as well as the will to create an international environment which allows us to raise the level of the well-being of our societies and meet the principle of sustainable development, seizing the opportunities offered by an increasingly globalised world, in a spirit of equality, respect, alliance and co-operation between our regions.” – begins the Rio Declaration, made at the first Summit among EU–Latin America–Caribbean leaders in Rio de Janeiro in 1999. (Summit 1999)

55 priorities of action were identified, pertaining to a) political, b) economic and /or c) cultural, educational, scientific, technological, social and human fields. This is probably too many, which contributed to the lack of success of the agreement, yet it is still the basis of bilateral connections.<sup>11</sup>

Just after the biggest enlargement of the EU in 2004, when 10 new countries joined, and Latin Americans felt neglected; the European Commission subsequently issued a communication in 2005, entitled *A Stronger Partnership between the European Union and Latin America*, in which it denied paying less attention to the region. It attributed the lack of progress in bilateral matters to insufficient mutual efforts:

The Commission wishes to send a positive signal indicating that Europe is interested in the region. There would appear to be an erroneous perception that the EU is too absorbed by its own enlargement, its immediate neighbours or problems elsewhere in the world. This perception also raises the issue of the visibility of the EU on the ground, given the complexity of its structures and its means of action. The Commission wishes to reaffirm that the association with Latin America is not merely a matter of fact but is also vital for the interests of both regions, for both the present and the future. However, if Europe is ready to commit itself further to Latin America, it also expects a firm commitment in return. (EC 2005, 5.)

Ten years after the Rio Declaration, the European Commission released *EU–Latin America: Global Players in Partnership. Ten Years of Strategic Partnership EU–Latin America*, which offers an analysis of the development of bi-regional relations. It states that

<sup>11</sup> For more on strategic relations, see SZILÁGYI 2008 and 2014.



the basic goals of the partnership (strengthening of political dialogue, regional cooperation and social cohesion) have not changed, but the way to reach them needs to be adjusted to the (new) global context. The document ends with the main policy priorities of the partnership, defined in the following 10 points: “promoting regional integration”, “promoting social cohesion”, “reinforcing human rights and democracy building”, “EU election observation missions”, “drugs”, “migration”, “climate change and energy”, “research and development”, “trade and investment” and “intervention under the instrument for security”. (EC 2009, 2, 8–14.)

In 2016 the document *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy* divided the world into five basic regions: EU neighbouring countries, MENA, Africa, the Atlantic, and Asia. (MOLNÁR 2016, 78–79.) Latin America appears as part of the wider Atlantic space. It is mentioned twice in the 57-page text, in one paragraph. The key issues include “cooperation on migration, maritime security and ocean life protection, climate change and energy, disarmament, non-proliferation and arms control, and countering organised crime and terrorism”. (EEAS 2016, 37.) Due to the transnational character of these challenges, and the interest of the EU to cooperate with regional organizations and promote Latin American regional integration, as well as possibly due to a lessening of European interest, only two Latin American countries are mentioned in particular: Cuba and Colombia. (EEAS 2016) No strategic partner countries, such as Mexico, appear in the document. Latin America, which has been a strategic partner since 1999, somehow is relegated to the periphery of Europe's vision.

## Financial Background

“EU development cooperation instruments [DCI] have been – alongside political engagement, trade and investment, and sectoral dialogues – a crucial building block of [the] relationship over the years. During the period 2002–2013, the EU has committed over €4 billion for programmable development cooperation in Latin America.” (EEAS 2014) “For the period 2014–20, €2.5 billion are allocated to Latin America,” (EC 2015, 8) which is 12.8% of the total DCI (€19.6 billion).

Some €925 million were set aside for the 2014–2020 regional programme, about 60% more than in the 2007–2013 period. (EC 2017c) The regional programme consists of two components: the continental program, and the sub-regional programme for Central America. Almost 90% of the money is destined to cover the continental programme. This covers eighteen Latin American countries,<sup>12</sup> an area of approximately 19 million km<sup>2</sup> with more than 600 million inhabitants. The continental programme focuses on the following major areas, which are listed in order of funding allocated, from largest to smallest: 1. environmental sustainability and climate change (37% of overall allocation, €300 million); 2. inclusive and sustainable growth for human development (27%, €215 million); 3. higher

<sup>12</sup> The Caribbean is not included with the exception of Cuba. Countries eligible: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Guatemala, Honduras, Mexico, Paraguay, Peru, Uruguay, Venezuela and the states on the Central American isthmus excluding Belize.



education (20%, €163 million); 4. security–development nexus (7%, €70 million); and 5. good governance, accountability, and social equity (5%, €42 million).

The Central American sub-regional programme has three foci with approximately the same allocations, each amounting to about €40 million: 1. regional economic integration; 2. security and rule of law, and 3. climate change and disaster management. (EC 2017c) The sub-region consists of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama (c. 0.5 million km<sup>2</sup>, 45 million people). Central American countries actually can participate in both programmes (continental and sub-regional).

The priorities are similar in the continental and the sub-regional programme, with one notable difference. The most important declared aim of the EU in Central America is to foster the integration of the region. Regional economic integration is, therefore, atop the sub-regional list, while it does not figure in the continental objectives. The reasons for this could be intriguing. Is it because it does not suit European goals, and/or because it is against U.S. interests? Or simply because the EU does not find it feasible to integrate the subcontinent, so it is a project that is doomed to failure?

The economic integration of a relatively small part, Central America, might seem much easier, but it is far from simple. The territory in question never formed one unit, either in pre-Hispanic or in colonial times. There was the United Provinces of Central America between 1823 and 1840, but it was short-lived and Panama, which belonged to Colombia until 1903, was not included. The Isthmus also did not fight the Spanish crown to become independent, but achieved it as part of a more general process. Central American identity therefore, has been weak.

Integration efforts started with the Organization of Central American States, founded in 1951, and renewed in 1962. The Central American Common Market (CACM) was established in 1960 by the Treaty of Managua, signed by Guatemala, El Salvador, Honduras, and Nicaragua. Later Costa Rica joined, but Panama remained absent. The goals included the formation of a free trade area and infrastructure development. The civil wars that shook the Isthmus in the 1980s (Nicaragua, El Salvador, and Guatemala) made the effective functioning of the organization impossible.

The Tegucigalpa Protocol of 1991 reformed the existing structures and established the Central American Integration System (SICA), which started to function in 1993. All six Central American countries are founding members of this multi-function regional organization, whose activities cover economic, social, cultural, political, and ecological fields. EU–SICA political meetings occur regularly.

More than €775 million were allocated for EU–Central America bilateral cooperation in the period 2014–2020. (EC 2017c) Of that, €149 million (c. 30%) was destined for Honduras, characterized by extreme violence; €204 million (26%) for Nicaragua, the poorest country in Central America; €186.6 million (24%) for Guatemala, the most populous state; and €149 million (20%) for El Salvador, the most densely populated country on the Isthmus. Costa Rica and Panama have not been eligible for bilateral cooperation funds since 2014.



## Challenges

Recently adopted bilateral projects reveal the priorities of the relationship. These include: the EU–LAC Structured and Comprehensive Dialogue on Migration, launched in 2009; the EU–CELAC Project on Migration (2010–2015); the EU–Mexico security dialogue established within the framework of the EU–Mexico Joint Executive Plan (JEP) and launched in 2010; the Cooperation Programme on Drugs Policies (COPOLAD I, 2010–2015, and COPOLAD II, 2016–2019); Euroclima (2010–2017) and the Euroclima+ programme (2017–). The main issues are therefore migration, security, drugs and climate change.

There are many challenges ahead for Mexico, Central America, and the Caribbean in relations with the European Union. Euroscepticism is growing, and the U.K. is leaving the EU. It is likely the EU will be busy negotiating Brexit and restructuring. Latin America, in general, is also in trouble. The region is a periphery, a supplier of raw materials in the world market, and therefore dependent on the demand for these goods. If demand slows, a lack of funds would put social programmes at risk and increase poverty.

Mexico and Central America are likely to need foreign support. It has often been said that the EU and Latin American countries are natural partners based on history and culture. If help is not coming from Europe though, the region, particularly those countries with ports on the Pacific Ocean, will turn to an old/new partner already on the doorstep: China. (LEHOCZKI 2008)

China entertains strong political interests in the region, as various countries (Guatemala, El Salvador, Honduras and Nicaragua) still recognize and maintain diplomatic relations with Taiwan. By increasing its economic presence as a trade partner and investor, the Chinese leadership would like to push the above-mentioned countries to change. Export to China from Central America and Mexico is insignificant and did not exceed 2% of the respective national exports in 2016. Chinese imports on the other hand are considerable: 9% in case of El Salvador and Honduras, 11% in Guatemala, 14% in Costa Rica and Nicaragua, and 32% in Panama. (OEC 2016) In fact, the two most developed states on the Isthmus have already switched sides: Costa Rica in 2007 and Panama in 2017. Due to its political interests, China is likely to play an active and pro-active role in Central America whereas the EU is more likely to re-act to developments instead of setting trends.

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