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**Ohrožení ekonomických zájmů
EU v Jižní a Střední
Americe**

**Threats to Economic Interests
of the EU in Central and
South America**

Disertační práce

vedoucí práce - Prof. PhDr. Josef Opatrný, Csc.

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It was supposed to last for three years, but it became a marathon for eight years. I would like to express my gratitude to all who encouraged me and sometimes apparently believed more than me that it is possible to finish it. Above all, I would like to express my gratitude that I have been always welcomed in the doors of No. 207 and No. 208 at the Sweerts-Sporck Palace.

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Abstract

The dissertation analyses the threats to economic interests of EU in Latin America – mostly focused on MERCOSUR's countries. Both regions share history, cultural and social bonds which were interrupted by the Cold War. During this period was Latin America a natural zone of interest of the United States (similarity with East Europe and USSR). The fundamental event is the end of bipolarity. The dissertation is mostly focused on one decade between 2003-2013. The three main chapters define the concept of economic security, the relationship between the EU-Latin America on the background of the historical insight and third main chapter analyses China's engagement in Latin America. In the post-Cold War period came a significant paradigmatic shift in the perception of economic security/vulnerability. Considering the asymmetry of relations between the two regions, we analyze a historical background, including the so-called "shared values" that partially (but not entirely) can be challenged. Relations between the two regions are viewed as highly pragmatic with a strong emphasis on trade ties. China as a new element in the region, where traditionally has competed the United States and Europe, is the core topic of the main third chapter. Latin America isn't perceived as a single region, but it is consider in a broader view of economic interests. For this reason, the region is understood as an important source of primary industrial inputs. The case studies of economically important countries of South America reflect mentioned topics.

Key words: Latin America, South America, European Union, China, economic security, economic interests, raw materials, inter-regional relations.

Abstrakt

V dizertační práci analyzujeme hrozby pro ekonomické zájmy Evropské unie v Latinské Americe – náš okruh je zúžen převážně na země MERCOSUR. Oba regiony pojí historicky sdílené vazby, které však byly přerušeny vstupem Studené války, kdy se Latinská Amerika stala přirozenou zájmovou zónou Spojených států. Základním časovým předělem je proto pro nás konec mocenské bipolarity, přičemž jádro práce je v hrubém rozsahu jednoho desetiletí 2003-2013. Ve třech základních kapitolách definujeme pojem ekonomické bezpečnosti, vztah EU-Latinské Ameriky v historickém vzhledu a nakonec asertivní vstup Číny do Latinské Ameriky ve vymezeném období. Klíčovým prvkem je skutečnost, že po skončení Studené války došlo k významnému posunu vnímání ekonomické moci státu/regionu z bezpečnostního (vojenský) na vlivový (kondicionalita, sankce). Do toho rámce zasazujeme také Latinskou Ameriku, která procházela vlnou neo-liberalismu a privatizace. V úvaze o asymetrii vztahů mezi oběma regiony zvažujeme více historické souvislosti včetně tzv. “společných hodnot”, které částečně (nikoliv však zcela) zpochybňujeme. Vycházíme z pohledu, že vztahy mezi oběma regiony se značně pragmatizovaly se silným důrazem na obchodní vazby. Čína je novým prvkem v regionu, kde tradičně soupeřili Spojené státy a Evropa. Nevnímáme Latinskou Ameriku již jako samostatný kontinent, ale vsazujeme jí do širší zájmové oblasti. Z toho důvodu i poukazujeme na region jako významný zdroj primárních průmyslových zdrojů. Případové studie ekonomicky významných zemí Jižní Ameriky jsou vztaženy zpětně v průřezu vymezených témat.

Klíčová slova: Latinská Amerika, Jižní Amerika, Evropská unie, Čína, ekonomická bezpečnost, ekonomické zájmy, primární suroviny, meziregionální vztahy.

I. INTRODUCTION

I.1. Basic structure

In spite of that the title of this dissertation is 'Threats to Economic Interests of the EU in Central and South America', it is geographically mostly focused on South America. In the context of inter-regional relations EU-Latin America we pay attention to MERCOSUR as the community of states which not only represents similarity with the EU integration process (this view is later challenged), but which includes Brazil at the capacity of the informal regional leader as well. Brazil is interesting for our analysis not only due to its economic power, but also for its bilateral negotiations with the EU after repeatedly failed negotiations with MERCOSUR. It was actually the point where the EU partially abandoned its inter-regional vision for bilateral negotiations on the pragmatic ground.

As the nuclear period should be considered years between 2003-2013. During this time-line we have witnessed the US pivot to the Asia-Pacific region (followed by the EU foreign policy) and literally series of economic crisis. Occasionally we compared these events with the Great Depression when were applied different measures like strong protectionism accompanied with the social and political radicalization. During the modern period since the end of Latin America Wars of Independence we have selectively focused on repeated history of social inequality in South America where social and political changes hast significantly contributed to the disproportionate distribution of wealth. These events shouldn't be considered as the historical insights, but as instruments to compare phenomena.

It is necessary to underline that the dissertation isn't strictly

about economic relations between the EU and Latin America despite the title would suggest such idea. The same rule is applied for the description of relationships between the two regions. For these two topics there are available many monographs and studies of high quality - our contribution would be only complementary or rather redundant. Our analysis is more focused on economic interests and related consequences in a broader sense. In the dissertation we repeatedly argue that many events had been driven by economic interests partially but not exclusively. We would have sometimes also difficulties to separate political and economic interests (for example Marshall Plan). Some of these topics rightfully raise questions on economic interests of state/community of states within international relations and economic interests of citizens with impact on internal stability of government (the idea of welfare state or sozialstaat). In this context we clearly prefer not only national interest but due to the EU topic even supranational interests of all member states which reflect the EU's interests. We also partially advocate Carr's position on economic power which is understood as the integral part of political power¹ or at least as the complementary part. In this framework we also consider more deeply economic security including raw material security where we argue in favor of the idea that both are part of economic interests and economic vulnerability.

I.2. Foreword

In 1959 the famous Spanish artist Salvador Dalí finished a painting 'The Discovery of America' by Christopher Columbus.

¹ KAUFMAN, Robert G.: E.H. Carr, Winston Churchill, Reinhold Niebuhr, and Us: The case for Principled, Prudential, Democratic Realism. FRANKEL, Benjamin. *Roots of realism*. Portland, Or.: Frank Cass, 1996, xxiii, 421 pp. Cass Series on Security Studies. pp. 319. ISBN 07-146-4203-7.

Thanks to Salvador Dalí we have a unique opportunity to be explorers as was Christopher Columbus – we would successfully navigate ourselves through the ocean of mythology which put us at risk to be lost in the rich symbolism. In the book 'Transnational America: Contours of Modern US Culture' it is written about Dalí's painting that “Columbus steps up onto the stage of a New World, he pulls all of Europe - and the past/present/future - along with him.”² Slightly more than three decades later after the mentioned painting a political scientist Samuel P. Huntington developed a theory of cultural conflicts. In his book 'The Clash of Civilizations and the Remaking of World Order' he says about Latin America that it “could be considered either a subcivilization within Western civilization or a separate civilization closely affiliated with the West and divided as to whether it belongs in the West.”³ In spite of the fact that these words are lack of poetic nature of 'The Discovery of America by Christopher Columbus' so Dalí and Huntington have something in common – a description of relation between Western civilization (in this context understood as Western Europe) and Latin America which in its complexity contains attraction and estrangement at the same time.

Beardsell has analyzed the Europe as the object of discussion on colonialism, neo-colonialism or post-colonialism⁴ contrary to Huntington who made no interest about the quality of

² DUNCAN, Russell and Clara JUNCKER (eds.). *Transnational America: contours of modern US culture*. Copenhagen: Museum Tusculanum Press, 2004, pp. 131. ISBN 8772899581.

³ HUNTINGTON, Samuel pp. *The clash of civilizations and the remaking of world order*. Simon. New York: Simon, 2011, pp. 46. ISBN 978-145-1628-975.

⁴ BEARDSELL, Peter R. *Europe and Latin America: returning the gaze*. Distributed exclusively in the U.S.A. by St. Martin's Press, 2000, pp. 1-19. ISBN 978-0719056314.

Western/European values⁵ – the significant fact which make us in the one of following chapters to briefly consider different approaches of Latin America and the EU to the same categories and so called shared values. It's not the core of this dissertation to analyses how deeply are two regions culturally bond together but we acknowledge that not only the pre-Independence period formed Latin America but latter immigration from Europe significantly contributed to the social formation in the region – especially in some South American countries. We admit that in the post-Cold War period the Latin American integration efforts would have been influenced by the European integration as well. However the core idea is that mutual bonds between both regions has been gradually dominated by economic/trade interests and it would be actually vulnerable spot for the EU if any other actor could have the capacity to influence or even dominate this area of interest.

Using simplified terms coined by Torres Caecido and Michel Chevalier⁶ for cultural division of Anglo-Saxon and Iberian/Latin America in relation to Europe we can talk about the Atlantic triangle with origin in the past based “on identifying and developing in its transatlantic possessions those economic assets that most nearly complemented its needs.”⁷ We can rightfully assume that not only religion,

⁵ MCGUIGAN, Jim. *Modernity and postmodern culture*. 2nd ed. Maidenhead: Open University Press, c2006, pp. 100. Issues in cultural and media studies. ISBN 978-0335219216.

⁶ MCGUINESS, Aims. Searching for "Latin America". APPELBAUM, Nancy pp., Anne S. MACPHERSON and Karin Alejandra ROSEMBLATT. *Race and nation in modern Latin America*. Chapel Hill: University of North Carolina Press, c2003, pp. 99. ISBN 0-8078-5441-7.

⁷ ELLIOTT, J.H. *Empires of the Atlantic world: Britain and Spain in America 1492-1830*. 1. pbk. ed. New Haven [u.a.]: Yale Univ. Press, 2007, pp. 114. ISBN 9780300123999.

cultural influences, social and political issues through the mutual history formed this relationship but also economy had significant impact and inbound link which shouldn't be underestimated because "economic relations with Europe had profound cultural consequences.[...] At the same time, European capital, European companies, and European personnel became heavily involved in the dominant sectors of Latin American economies. This led in turn to a certain identification of Europe with the ruling class of landowners and merchants. The influx of large numbers of relatively impoverished immigrants from some parts of Europe did not entirely counteract the image."⁸ Generally speaking - the economic ties between the EU and Latin America weren't limited to trade exchange but evolved to more complex financial tools including foreign direct investments which contributed to deeper mutual relations in other social, political and cultural aspects. European capital was well established in Latin America after 1860s later competing with American capital. At the end of 20th century the European capital has begun to inflow more massively together with the regional integration efforts as it happened in MERCOSUR which "has witnessed a spectacular increase in European investments, surpassing the historical supremacy role of the United States. Key sectors such as banking, telecommunications, and water supply have become a European terrain."⁹ It doesn't mean that there was no economic and political interest in Western Europe to Latin America during the Cold War. As one of the most ambitious example would serve the political efforts of de

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- ⁸ BEARDSELL, Peter R. *Europe and Latin America: returning the gaze*. New York: Distributed exclusively in the U.S.A. by St. Martin's Press, 2000, pp. 102. ISBN 0719056314.
- ⁹ ROY, Joaquín. European Union-Latin America relations in a turbulent era. ROY, Sudeshna, Dana COOPER a Brian MURPHY. *Transatlantic relations and modern diplomacy: an interdisciplinary examination*. New York: Routledge, 2013, pp. 139. ISBN 978-0-415-70837-1.

Gaulle who admired to have closer relations with Latin American countries in order to provide alternative to the U.S.-Soviet bipolarity and especially to introduce France as a global power. France even intended through this diplomatic project to revitalize its relations with Germany.¹⁰

In economic terms the US position in Latin America after the Cold War was sometimes overestimated especially if statistic data are more deeply analyzed: "Mexico composed 11.7% of total U.S. merchandise trade (exports plus imports) in 2009 and is the largest Latin American trade partner, accounting for 58% of the region's trade with the United States. [...] By contrast, the rest of Latin America together makes up only 8.3% of U.S. trade, leaving significant room for growth. Brazil, for example, has the largest economy in Latin America, is the second largest Latin American trade partner of the United States but accounts for only 10.4% of U.S. trade with Latin America, or only 18% that of Mexico."¹¹ These data from 2009 proves that the image of the US as main trade partner of Latin America was mostly driven by Mexico due to an economic integration between both states (NAFTA). Based on this we presume that mutual trade between the US and Latin America hasn't been developed as much as the US would like to see. 'Look South' initiative, unveiled by the U.S. Secretary of Commerce Penny Pritzker in January 2014¹², confirmed that

¹⁰ MARTIN, Garret. *General de Gaulle's Cold War: challenging American hegemony, 1963-1968*. New York: Berghahn Books, 2013, pp. 87-91. Berghahn Monographs in French Studies. ISBN 978-1-78238-016-0.

¹¹ HORNBECK, J.F. *U.S.-Latin America Trade: Recent Trends and Policy Issues* [online]. Washington: Congressional Research Service, 2011, pp. 4., February 8, 2011 [cit. 2014-03-03]. Retrieved from: <https://www.fas.org/sgp/crs/row/98-840.pdf>

¹² Fact Sheet: Look South Initiative. *U.S. Department of Commerce* [online]. 2014, January 9, 2014 [cit. 2014-03-03]. Retrieved from: <http://www.commerce.gov/news/fact-sheets/2014/01/09/fact-sheet->

Washington was interesting in a deeper trade relations with Latin America because they have been evidently stalling for long term in backward projection. However “the race” for Latin America since 1990s hasn't been limited to the EU and the US as new international actors entered to the region – especially China during relatively short time (two decades) indicated that its interest in the region is highly dedicated.

I.3. Note on Sources

There would be highly difficult to make any analyze on economy of Latin America without almost “classical” work from Victor Bulmer-Thomas 'The economic history of Latin America since independence' and 'The Cambridge economic history of Latin America' which gives to the reader exactly what it promises in its title. It also compares the economic development of the region with the economic development of the US. Victor Bulmer-Thomas dedicates his thoughts to the Great Depression, the abundance of natural resource/export led growth policy and to import-substitution policy. Leslie Bethell is mostly known as a historian with a specialization on Latin America. His editorial work produced several volumes 'The Cambridge History of Latin America'. Within the scope of this dissertation would be mentioned above all 'Latin America: Economy and Society since 1930' Vol. 4, part 1 and 2 of mentioned 'The Cambridge History of Latin America'. It is more survey but designation as 'student edition' is too humble. This work is for us interesting (among others) because in time-line it starts with the Great Depression and it pays attention to ISI.

We would specifically mention some publications from CEPAL/ECLAC which are usually available in English and Spanish as well from <http://www.eclac.cl/publicaciones/>.

These studies are very useful because are published annually – the fact contributing to systematical analyses. It should be mentioned that raw data are processed and interpreted but still with possibility to find original source. Similar words (except no Spanish) would be addressed to OECD publications accessible on-line through <http://www.oecd.org/about/publishing/>. These publications aren't specialized on Latin/South America but due to the membership of Mexico and Chile still can be productive.

The work 'The Latin American Policies of U.S. Allies; European Interests in Latin America' from William Perry, Peter Wehner and Esperanza Durán is one of rare publications of that time. It was published in 1986 and due to the Cold War there is in the title a certain level of “subordination”. In the work is emphasized the role of (West) Germany – one of the reason why Germany was considered also in this dissertation. Inter-regional EU-Latin American relations are well covered by Susanne Grätius whose expert publications are available (often available in Spanish) on her website <http://www.fride.org/expert/21/susanne-gratius>. Her work is dedicated to the role of Spain and to the European strategy and communication with the region. It shouldn't be omitted from our scope her book 'Mercosur y NAFTA. Instituciones y mecanismos de decision en procesos de integracion asimetricos' provides reflection on the integration process in both Americas in the post-Cold War period.

If there should be chosen just one work on economic interdependence so the choice would be 'Power and Interdependence in the Information Age' by Robert O. Keohane and Joseph S. Nye which was for the first time published already in 1977. This work would be labeled as 'student edition' but still it enlightens the term “interdependence”. There are

mentioned in the dissertation many other publications with regards to different topics like economic growth of China, Chinese economic activities in Latin America, effects of the Great Depression or relationship between democracy and economy. Many of these publications are focused specifically on China while others due to its origin consider the triangle China-US-Latin America.

For any further studies can be recommended institutional websites of the European Union, European Commission, Eurostat, IMF, WorldBank, United Nations or any other institution mentioned in the work – however always as the source of “raw data”. As useful seemed to be articles from news agencies – Bloomberg, Thomson Reuters or the Economist. However a critical approach should be recommended. Working papers of private institutions/subjects like BVVA or PwC provide analyses which sometimes can bring surprising conclusions but these are usually backed by empirical research.

II. POST-COLD WAR STRATEGY

II.1. The Latin American Left After the Cold War?

On October 11, 2011 was published in 'Foreign Policy Magazine' an article 'America's Pacific Century'¹³ which is also reflected on the website of Department of State.¹⁴ Such articles usually contribute to the academic discourse on the foreign policy of United States or to support a political opinion. In this case the article was obviously something different as the author was Hillary Rodham Clinton at that time Secretary of State. This fact definitely shifted the article from scholar discourse to a public statement on the new course of the U.S. foreign policy where Asia is described as the future of politics.¹⁵

While the Monroe Doctrine and/or the Clark Memorandum on the Monroe Doctrine was focused on issues related to Europe in terms of foreign and military policy so Good Neighbor policy tried to support trade between the US and Latin American countries.¹⁶ It is important underline that the Monroe Doctrine

¹³ CLINTON, Hillary. America's Pacific Century. *Foreign Policy* [online]. 2011, October 11, 2011 [cit. 2014-03-03]. Retrieved from: http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century

¹⁴ Secretary Clinton on America's Pacific Century at the East/West Center. OFFICE OF THE SPOKESPERSON. *Secretary Clinton on America's Pacific Century at the East/West Center* [online]. Honolulu, Hawaii: the U.S. State Department, 2011, November 10, 2011 [cit. 2014-03-06]. Retrieved from: fpc.state.gov/176998.htm

¹⁵ Obama administration's strategic pivot to Asia should be understood as a clear declaration of the US foreign policy and distinctive shift from the Middle East to East Asia in terms of difference between the foreign policy of President Barack Obama and President George W. Bush.

¹⁶ The US opposed to any involvement of European powers into 'internal' matters of Western hemisphere. In spite of the failure in case of the Panama Canal, the project itself proved at least European economic

and Good Neighbor policy as the crucial US foreign policy documents were in some way strongly affected by economic conditions of the US because "the enormous growth of US economic strength during the later nineteenth century made the country more aggressive."¹⁷ The US interventionism activities were predominantly limited to Central America which has been viewed as the natural area of interest. South American states due to its territorial and economic size, distance and strong national tendencies were in totally different position and opposed to the US activities. The Great Depression made the US to reconsider its position as internal economic problems contributed to its vulnerability – internal and external ones at the same time. Federal deficit spending following the model proposed by John Maynard Keynes probably didn't mobilize the US industry as much as the wartime economy¹⁸ which would be even consider as “an exit strategy” for the US economy.

The output of World War II created became bipolar and the US needed to rebuild a destroyed Europe in economic and political way - Good Neighbor policy was definitely abandoned. During the Cold War the US continued put all efforts to protect Europe in terms of comprehensive foreign policy against the Union of Soviet Socialist Republics and after the dissolution of the USSR in 1991 the US focused on a stabilization of the region in a broader sense. This led to something what Jorge G. Castañeda identified in the title of his comprehensive book

interests within the territory.

¹⁷ WARD, John. *Latin America: development and conflict since 1945*. 2nd ed. London: Routledge, 2004, pp. 59. ISBN 978-0415318235.

¹⁸ HARRISON MARK: *The Economic of World War II: Overview*. HARRISON, Mark (ed.). *The economics of World War II: six great powers in international comparison*. 1st pbk. ed. Editor Mark Harrison. Cambridge: Cambridge University Press, 2000, Studies in macroeconomic history. pp. 34. ISBN 05-216-2046-5.

'Utopia Unarmed: The Latin American Left After the Cold War' which was for the first time published in 1993. Since that 20 years already has left and Latin America wasn't any-more preoccupied about the communist stigma and it has seemed that neither the US were preoccupied about Latin America. From this point of view sounds estranged the words of the former Secretary of State James G. Blaine¹⁹ who noticed: "While the Great powers of Europe are steadily enlarging their colonial domination in Asia and Africa it is the special province of this country to improve and expand its trade with the nations of America."²⁰

President Barack Obama during his speech about 'Asia pivot' in the Australian Parliament mentioned: "Our new focus on this region reflects a fundamental truth - the United States has been, and always will be, a Pacific nation."²¹ It has been indicated on higher institutional level of the EU representation that 'Asia pivot' was a challenge.²² The leaders of the EU were obliged to reflect the US foreign policy in the context of transatlantic relationship and to draw a strategy for Asia. All these concerns summarized Malcom Rifkind when he was of

¹⁹ James G. Blaine served two times as Secretary of State in 1881 and 1889-1892. During both terms Blaine focused his efforts on Western hemisphere in order to protect the US interests diplomatically and commercially (by promotion of free trade with Latin American countries).

²⁰ TOPIK, Steven C. *Trades and gunboats: the United States and Brazil in the age of empire*. Orig. print. Stanford, Calif: Stanford University Press, 2000, pp. 36. ISBN 9780804740180.

²¹ Remarks By President Obama to the Australian Parliament: Parliament House Canberra, Australia. *The White House: Speeches & Remarks* [online]. The White House, 2011, November 17, 2011 [cit. 2014-03-03]. Retrieved from: <http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>

²² U.S.-EU Statement on the Asia-Pacific Region. *The U.S. State Department* [online]. Washington, DC: The Office of Website Management, Bureau of Public Affairs, 2012, July 12, 2012 [cit. 2014-03-03]. Retrieved from:

the opinion that Western Europe was preoccupied with the new course of the US foreign policy which signaled that "the nations of the EU will soon find that they are no longer the focal point of American attention. [...] European countries must initiate a carefully calibrated response of their own."²³ On the other side of Atlantic has been sent a clear message "that the US no longer sees Europe as a security consumer but as a security provider."²⁴ But what kind of message has been sent to neighbors on the South? Maybe we could accept that "the United States has generally in the past paid attention to Latin America only when a perceived threat cropped up [...] Latin America argued that Washington was not really interested in the region unless it feared someone else would move in [...]."²⁵ It would mean that following words of Vice President Joe Biden were based among others on Chinese engagement in Latin America: "One of the most promising developments is the year-old Alliance of the Pacific among Chile, Colombia, Peru and Mexico. [...] The effort also serves as a reminder of the deep connections between our enhanced engagement in this hemisphere and our Asia-Pacific rebalance."²⁶ In this context we would estimate that Latin

<http://www.state.gov/r/pa/prs/ps/2012/07/194896.htm>

²³ Europe Grapples With U.S. Pivot. RIFKIND, Malcom. *The Diplomat* [online]. 2011, December 01, 2011 [cit. 2014-03-03]. Retrieved from: <http://thediplomat.com/2011/12/europe-grapples-with-u-s-pivot/>

²⁴ COELMONT, Jo a Maurice de LANGLOIS. *Recalibrating CSDP - NATO Relations: The Real Pivot* [online]. Brussels: Egmont – Royal Institute for International Relations, 2013, pp. 2, June 2013 [cit. 2014-03-03]. Security Policy Brief, 47. Retrieved from: <http://www.egmontinstitute.be/papers/13/sec-gov/SPB47.pdf>

²⁵ WIARDA, Howard J. *U.S. foreign and strategic policy in the post-Cold War era: a geopolitical perspective*. Westport, Conn.: Greenwood Press, 1996, x, pp. 135, ISBN 03-132-9360-0.

²⁶ Op-Ed by Vice President Joe Biden in The Wall Street Journal: The Americas Ascendant. BIDEN, Joe. *Office of the Vice President: Statements & Releases* [online]. Washington: The White House, 2013, June 05, 2013

America regained (again) in Washington its importance and 'Asia Pivot' has been transformed or incorporated into 'Asia-Pacific rebalance'.

Rising importance of East Asia and especially of China has begun to gradually dominate in the EU foreign policy already for two decades since the EU-China trade and cooperation agreement in 1985. Since then it "has grown to include foreign affairs, security matters and international challenges such as climate change and global economy governance"²⁷ The EU contribution was necessary also due to the fact that on the bilateral level it would be a challenge as it happened in case of France.²⁸ Probably only Germany due to its economy and technological advancement would have been strong enough to be considered as an equal partner for China.

The EU has decided to follow the US Asia pivot - confirmed by the text of a joint statement issued by the United States of America and the European Union on July 12, 2012, in Phnom Penh, Cambodia where was stated: "Secretary of State Hillary Rodham Clinton and European Union (EU) High Representative for Foreign Affairs and Security Policy Catherine Ashton met in Phnom Penh on July 12, 2012 to exchange views on developments in the Asia-Pacific, demonstrating the importance the United States and the European Union attach to this thriving region and its peaceful

[cit. 2014-03-04]. Retrieved from: <http://www.whitehouse.gov/the-press-office/2013/06/05/op-ed-vice-president-joe-biden-wall-street-journal-americas-ascendant>

²⁷ China: Strategic Partnership. *European Union: European External Action Service* [online]. © European Union, 1995-2014 [cit. 2014-03-04]. Retrieved from: http://eeas.europa.eu/china/index_en.htm

²⁸ CABESTAN, Jean-Pierre. China and European security and Economic Interests: A French perspective. ROSS, Robert S., TUNSIØ, Øystein and ZHANG Tuosheng. *US-China-EU relations: managing the new world order*. 1st pub. Abingdon: Routledge, c2010, pp. 122-139. ISBN

and dynamic development. [...] Both welcome an active and constructive role for China in the Asia-Pacific Region.”²⁹ In spite of high rate of visits in East Asia by leaders of the EU and statements about strategic interests it is necessary to stress that “the guidelines did not fully address how the EU will project its power to help shape the regional order in East Asia, beyond saying that it will work with other important players in the East Asian region.”³⁰ This statement indicated that the EU has been prepared to follow the US to Asia/Pacific but it wasn’t prepared to identify its position. Discussion on this issue gradually evolved and for example Karl Kaiser and Manuel Muniz in their article for Project Syndicate agreed with the idea that the EU should be part of the US Asia pivot but with a different role than Washington: “The US rebalancing will also create an opportunity for Europe to play a greater role in an increasingly important region. By joining the US in the rebalancing process and supporting relations with China that are built on cooperation rather than containment, the EU would contribute to global stability, while spreading European values.”³¹ A tempting idea of the EU promoting its own norms through Asia would be a challenge. It is not only a question of the universal validity which would be questioned even within

9780415681131.

- ²⁹ U.S.-EU Statement on the Asia-Pacific Region. *The U.S. State Department: Office of the Spokesperson* [online]. Washington, DC, 2012, July 12, 2012 [cit. 2014-03-04]. Retrieved from: <http://www.state.gov/r/pa/prs/ps/2012/07/194896.htm>
- ³⁰ HWEE, Yeo Lay: The EU's role in security and regional order in East Asia. SHEARMAN, Peter (ed.). *Power transition and international order in Asia: Issues and challenges*. Milton Park: Routledge, 2013, 248 pp. 55. ISBN 978-0415821636.
- ³¹ Europe’s Asian Pivot. KAISER, Karl and Manuel MUNIZ. *Project Syndicate* [online]. Project Syndicate, © 1995–2014, SEP 5, 2013 [cit. 2014-03-04]. Retrieved from: <http://www.project-syndicate.org/commentary/why-europe-also-needs-an-asian-pivot-by-karl-kaiser-and-manuel-muniz>

the EU³² but also a reality – the EU's traces its origin to the ECSC Treaty which was signed in 1951 “with the aim of organizing free movement of coal and steel and free access to sources of production.”³³ In principle the *acquis communautaire* and *acquis politique* evolved from the idea that economic stability supports peace in Europe. Normative power of the EU was based on political conditionality which was actually vice versa economic conditionality with a projection to the EU enlargement³⁴ or Official Development Assistance “to target its resources where they are needed most and where they can make the most difference.”³⁵ The EU already used with partial success the principle of conditionality³⁶ in Africa.³⁷ However it has met with significant challenges to apply the same mechanism in Asia.³⁸

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- ³² MANNERS, Ian. Normative power Europe: A contradiction in terms?. In: *Roskilde University: Roskilde University Digital Archive* [online]. Copenhagen: Copenhagen Peace Research Institute, 2000, pp. 34 [cit. 2014-03-04]. Retrieved from: http://rudar.ruc.dk:8080/bitstream/1800/8930/1/Ian_Manners_Normative_Power_Europe_A_Contradiction_in_Terms_COPRI_38_2000.pdf
- ³³ Treaty establishing the European Coal and Steel Community, ECSC Treaty. *Summaries of EU legislation* [online]. Brussels: the European Commission, 2010, 15.10.2010 [cit. 2014-03-04]. Retrieved from: http://europa.eu/legislation_summaries/institutional_affairs/treaties
- ³⁴ KLIWIER, Brandon and Yannis A. STIVACHTIS. Democratizing and Socializing Candidate States: The Case of the EU Conditionality. STIVACHTIS, Yannis A. (ed.). *The State of European Integration*. Burlington, VT: Ashgate, c2007, xxxiii, pp. 146. ISBN 978 0 7546 7223 4.
- ³⁵ The Multiannual Financial Framework: The External Action Financing Instruments. EUROPEAN COMMISSION. *European Commission: Press release* [online]. 2013, 11/12/2013 17:35 [cit. 2014-03-04]. Retrieved from: http://europa.eu/rapid/press-release_MEMO-13-1134_en.htm
- ³⁶ Including economic sanctions.
- ³⁷ SICURELLI, Daniela. *The European Union's Africa policies: norms, interests, and impact*. Burlington, VT, c2010, xii, pp. 39-40. ISBN 978-075-4699-965.
- ³⁸ COLE, William and Erik G. JENSEN. Norms and regional Architecture: Multilateral Institution Building in Asia and Its Impact on Governance and

Javier Solana³⁹ in a reflection to the US foreign policy left limited 'Asia framework' and provided a vision that “the EU has a somewhat paradoxical asset at its disposal: it is not a Pacific power and does not carry the burden of great-power status in Asia. Far from being a weakness, this is precisely the source of the EU’s potential strength in Asia, for it provides a degree of diplomatic agility that the American heavyweight cannot muster. [...] Consider the Middle East. China and Europe might find common cause in the vacuum left as America’s domestic energy revolution weakens its commitment to the region. As China’s reliance on Middle East energy resources grows [...] Europe, the Middle East’s experienced neighbor, could be China’s strategic partner in this endeavor.”⁴⁰ Mr. Solana actually identified a few points (almost a pattern) which could serve as a scheme for a position of the EU towards Latin America. The EU is geographically opened to the Atlantic region including the major regional leader Brazil and it had also a different history with the region than the US. However there are two important questions – did the EU use its potential in Latin America after 'Asia pivot' and could be China considered as a strategic partner for the EU in the region or it should be considered more as the threat to its political and economic interests?

Daniel P. Erikson noted that "China was viewed as a peripheral

Democracy. GREEN, Michael J and Bates GILL. *Asia's new multilateralism: cooperation, competition, and the search for community*. New York: Columbia University Press, c2009, xiii, pp. 260-261. ISBN 9780231513418.

³⁹ Former EU High Representative for Foreign and Security Policy, Secretary-General of NATO, and Foreign Minister of Spain.

⁴⁰ Europe’s Smart Asian Pivot. SOLANA, Javier. *Javier Solana on the EU's strategic advantages in Asia* [online]. Project Syndicate, © 1995–2014, SEP 17, 2013 [cit. 2014-03-04]. Retrieved from: <http://www.project-syndicate.org/commentary/the-eu-s-startegic-advantages-in-asia-by->

actor in the region; today, nothing could be further from the truth. [...] There are U.S. officials and members of Congress who now view China as the most serious challenge to U.S. interests in the region since the end of the Cold War [...] Other U.S. officials, however, believe that the economic links with China can play a positive role in helping to build a more prosperous and globally-minded Latin America."⁴¹ The US scholars and politics were highly concerned with Chinese engagement in Latin America but these concerns haven't been followed by a political agenda as in case of the EU who initiated the call for cooperation with China in Africa.⁴² In case of Chinese influence in Africa we should be aware of “an evocation intended to distinguish China's approach from Western colonial intervention and justify why China's renewed interest in the continent is radically different from the model of Western partnership.”⁴³ However this Chinese posture hasn't been an obstacle where Chinese and European interests would lead to a cooperation because “the Chinese recognize that success requires security and stability, as well as economic rationality.”⁴⁴ On the other hand Latin American countries

javier-solana

- ⁴¹ DOMÍNGUEZ, Jorge I. China's Relations with Latin America. In: *Working Paper* [online]. Washington, DC: Inter-American Dialogue, 2006 [cit. 2014-03-22]. pp. 2. Retrieved from:
<http://www.thedialogue.org/PublicationFiles/china.pdf>
- ⁴² The EU, Africa and China: Towards trilateral dialogue and cooperation. In: *SEC(2008)2641*. Brussels: COMMISSION OF THE EUROPEAN COMMUNITIES, 17.10.2008, COM(2008)654 final, COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL. Retrieved from:
http://ec.europa.eu/development/icenter/repository/COMM_PDF_COM_2008_0654_F_COMMUNICATION_en.pdf
- ⁴³ COOKE, Jennifer G. *U.S. and Chinese engagement in Africa: prospects for improving U.S.-China-Africa cooperation*. Washington, DC: CSIS Press, c2008, pp. 50. ISBN 978-089-2065-387.
- ⁴⁴ TAYLOR, Ian: The EU's Perceptions and Interests towards China's Rising Influence on Human Rights in Africa. MEN, Jing and Benjamin

were more developed than the majority of African countries not only in economic terms but also with regards to infrastructure, society, education and health.⁴⁵ Latin America also repeatedly indicated its sensitivity to the interventionism⁴⁶ or to anything what would remind the interventionism⁴⁷ with a strong call to be considered as a self-confident partner.⁴⁸

II.2. Economic security

Economic security would be understood as the term linked to military security – both elements connected to national security; but “economic security as a concept has not been valued much in the past; instead it was focused through

BARTON(eds.). *China and the European Union in Africa: partners or competitors?*. Burlington, VT: Ashgate Pub. Co., c2010, pp. 140. ISBN 978-140-9420-484.

⁴⁵ See also: MALIK, Khalid. UNITED NATIONS DEVELOPMENT PROGRAMME. *Human development report 2013: The rise of the South : human progress in a diverse world*. New York: United Nations Development Programme, 2013, Human Development Reports. ISBN 978-92-1-126340-4. Retrieved from: http://hdr.undpp.org/sites/default/files/reports/14/hdr2013_en_complete.pdf

⁴⁶ KERRY, John. Remarks on U.S. Policy in the Western Hemisphere: Organization of American States. THE U.S. STATE DEPARTMENT. *2013 Secretary Kerry's Remarks* [online]. Washington, DC, November 18, 2013, 2013 [cit. 2014-03-05]. Retrieved from: <http://www.state.gov/secretary/remarks/2013/11/217680.htm>

⁴⁷ FRERES, Christian. Challenges of Forging a Partnership Between the European Union and Latin America: Building the 'Partnership': Progress to Date. MOLD, Andrew (ed.). *EU development policy in a changing world: challenges for the 21st century*. Amsterdam: Amsterdam University Press, 2007, s. 152. ISBN 9053569766.

⁴⁸ Latin America and the Obama Administration: A New Partnership?. THE BROOKINGS INSTITUTION. *Latin America and the Obama Administration: A New Partnership?* [online]. The Brookings Institution, 2010, June 29, 2010 [cit. 2014-03-05]. Retrieved from: <http://www.brookings.edu/events/2010/06/29-americas-partnership>

various ideologies.”⁴⁹ Such scheme would support the idea of vicious circle but it is far behind defense and non-defense spending. Barry Posen operates with the term 'grand strategy' in the anarchistic international environment where “the number of possible threats is great, and given the inescapable limits of a national economy, resources are scarce.”⁵⁰ During the Cold War both superpowers due to limited options placed greater emphasis on military security with a major consequences for the former Soviet Union leading to its political and territorial dissolution because of economic exhaustion. It doesn't mean that both sides of the bipolar world haven't been aware of the consequences of excessive military spending and that the US wasn't affected.⁵¹ In USSR this opinion was shared just by fracture of the society/elites which haven't been fully at the power as "Soviet civilian specialists generally formulated the concept of reasonable sufficiency as a means of breaking away from an arms race that in their view could never be won and threatened the economic prostration of the USSR."⁵² The importance of economy hasn't been underestimated but welfare of society wasn't target for the Soviets political leadership which has chosen the survival

⁴⁹ PALERI, Prabhakaran. *National security: imperatives and challenges*. New Delhi: Tata McGraw-Hill Pub. Co, 2008, pp. 68. ISBN 978-0-07-065686-4.

⁵⁰ POSEN, Barry. *The sources of military doctrine: France, Britain, and Germany between the world wars*. Ithaca: Cornell University Press, 1984, pp. 13. ISBN 08-014-1633-7.

⁵¹ Keith L. Nelson indicated that it was also the reason why both superpowers were looking for a relaxation in mutual relations. See also: NELSON, Keith L. *The making of détente: Soviet-American relations in the shadow of Vietnam*. Baltimore: Johns Hopkins University Press, 1995, xviii, 217 p. ISBN 08-018-4883-0.

⁵² ALLISON, Roy: Reasonable Sufficiency and Changes in Soviet Security Thinking. FRANK, Willard C a Philip S GILLETTE (eds.). *Soviet military doctrine from Lenin to Gorbachev, 1915-1991*. Westport, Conn.: Greenwood Press, 1992, Contributions in Military Studies (Book 125). pp.

of a political unit.⁵³ The economy of USSR “was the priority of influential economic ministers such as Sergei Witte. [...] The 'downward' implications of Ogarkov's insight were that lagging modernization and insufficient military resources would place Soviet and allied armed forces at the mercy of NATO high-technology weapons and US AirLand battle strategy.”⁵⁴

The US foreign policy contrary to the USSR was in many ways during the Cold War more complex and haven't relayed just on the armed forces⁵⁵ in order to protect its national interests in spite of "many of these strategies were never separated from the ideological underpinnings of anti-communism and U.S. support for free market economic values abroad."⁵⁶ One of the most effective tools have been the European Recovery Program generally more recognized as the Marshall Plan which followed two principles complementary to each other as "the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace."⁵⁷ The idea of

250. ISBN 03-132-7713-3.

⁵³ See also: SCHMIDT, Brian C. (ed.). *International relations and the first great debate*. New York: Routledge, 2012, New International Relations. pp. 112. ISBN 978-0415668958.

⁵⁴ CIMBALA, Stephen J. *US military strategy and the Cold War endgame*. Portland, Or.: F. Cass, 1995, pp. 114. ISBN 07-146-4117-0.

⁵⁵ The economy system should be considered in this framework. The USSR was obviously lack of resources to expand its economic influence in the world - on the contrary the US economic system seemed to be more effective and competitive globally.

⁵⁶ DIJK, Ruud van, William Glenn GRAY, Svetlana SAVRANSKAYA, Jeremi SURI and Qiang ZHAI (eds.). *Encyclopedia of the Cold War*. New York: Routledge, 2008, pp. 427. ISBN 04-159-7515-8

⁵⁷ The "Marshall Plan" speech at Harvard University, 5 June 1947. *OECD* [online]. OECD [cit. 2014-03-09]. Retrieved from:

economically strong (and politically united) Western Europe continued even during the administration of President Kennedy who “brought high ideals and noble purposes to his Latin American policy. Ironically, however, his unwearied determination to wage Cold War in ‘the most dangerous area in the world’ ultimately led him and his administration to compromise and even mutilate those grand goals for the Western Hemisphere.”⁵⁸ Stephen G. Rabe in this highly critical point probably had in mind the article in ‘Columbia Daily Spectator’ from February 1963 where President Kennedy admitted an importance of Latin America⁵⁹ above all due to the Cuban Missile Crisis⁶⁰ but at the time he was concerned with future of the European Economic Community.⁶¹ Hubert H. Humphrey⁶² was concerned in his essay about the US policy in Latin America on similar basis: “But two decades of constant preoccupation with Europe and Asia have left an imbalance in our global commitments that has not yet been wholly rectified. [...] and economic patterns of Europe are well determined now, this is not the case with Latin America.”⁶³

<http://www.oecd.org/general/themarshallplanspeechatharvarduniversity5june1947.htm>. George Catlett Marshall - speech given on Harvard University on 5 June 1947.

⁵⁸ GIGLIO, James N and Stephen G. RABE. *Debating the Kennedy presidency*. Lanham, Md.: Rowman, pp. 54. ISBN 07-425-0834-X.

⁵⁹ Kennedy Calls Latin America ‘Most Critical’. *Columbia Daily Spectator*. 1963, Volume CVII, Number 60, 8 February 1963, pp. 2. Retrieved from: <http://spectatorarchive.library.columbia.edu/cgi-bin/columbia?a=d&d=cs19630208-01.2.13&e=-----en-20--1--txt-txIN--->

⁶⁰ JFK Sees Possibility Of Cuban Armaments, *Ibid.*, pp. 2.

⁶¹ The US were also again concerned with French withdrawal from NATO due to the experience with the Cuban Missile Crisis.

⁶² Hubert H. Humphrey assumed the office of Vice-President in 1965.

⁶³ HUMPREY, Hubert H. U.S. Policy in Latin America. *Foreign Affairs* [online]. 1964, roč. 1964, July [cit. 2014-03-09]. Retrieved from: <http://www.foreignaffairs.com/articles/23616/hubert-h-humphrey/us-policy-in-latin-america>

The political approach of the US was focused to dominate or at least to defend a territory almost in terms of Mackinder's geopolitical theories who observed that "the most remarkable contrast in the political map of modern Europe is that presented by the vast area of Russia occupying half the Continent and the group of smaller territories tenanted by the Western Powers."⁶⁴ In other words a certain level of national security on both sides of Atlantic would have been impossible with no economic and social stability in the (Western) Europe as a necessary prerequisite to prosperity and social stability. The U.S. efforts to assure economic security in the post war Europe caused worries in USSR because "in Moscow's view, the Marshall Plan was cunning ploy to eliminate Soviet influence."⁶⁵ The Marshall Plan has gained more support in the Europe and "the Europeans stressed the importance of quick action that would appeal to policymakers in the United States, outbid the Communists in the battle for public opinion, and create a framework for resolving the German problem."⁶⁶ The importance of the Marshall Plan as a tool of stabilization in order to achieve economic security is more obvious from the perspective of the US preferences where the Europe stood over Latin America because "Europe was at the center of the Cold War struggle; Latin America, while an important battleground

⁶⁴ MACKINDER, H. J. *The Geographical Journal*, Vol. 23, No. 4 (Apr., 1904), pp. 421-437. Published by: The Royal Geographical Society (with the Institute of British Geographers), pp. 423. Article Stable URL: <http://www.jstor.org/stable/1775498>

⁶⁵ WETTIG, Gerhard. *Stalin and the Cold War in Europe: the emergence and development of East-West conflict, 1939-1953*. Landham, Md: Rowman & Littlefield Publishers, c2008, The Harvard Cold War Studies Book Series. pp. 139. ISBN 07-425-5542-9.

⁶⁶ HOGAN, Michael J. *The Marshall Plan: America, Britain, and the reconstruction of Western Europe, 1947-1952*. [1st pbk. ed.]. Cambridge: Cambridge University Press, 1989, Studies in Economic History and Policy: USA in the Twentieth Century. pp. 182. ISBN 978-052-1378-406

in the Cold War, did not receive anything close to a Marshall Plan with its own Alliance for Progress.”⁶⁷

It doesn't mean that Latin America would be omitted from the range of the US foreign policy. The Truman administration gave to so called the Third World countries including those in Latin America a different role with aim to block spread of Communism ideology with support of those governments which favored West. In spite of “that during the Cold War the security prism was more meaningful than the political or economic prism”⁶⁸ so even the Third World has become directly and indirectly involved in the Marshall Plan. Western countries cut from East needed raw materials and resources for its industry in order to become gradually independent on imports from the US. The US together with its European Allies focused on Africa and Asia which has been seen as crucial due to their natural resources and geopolitical position. Only Latin America due to the US decision should rely on private sector.⁶⁹ The post-Cold War period brought a new dimension to considerations about the European security architecture. Narrowed perception of safety almost strictly limited to the military dimension gradually became obsolete. New approach required to think about security in a broader term that fully involved economic security.⁷⁰ The international system lack of

⁶⁷ CASON, Jeffrey W. *The political economy of integration*. New York: Routledge, 2010, pp. 2. ISBN 978-020-3846- 254.

⁶⁸ DENT, David W. *U.S.-Latin American policymaking: a reference handbook*. Westport, Conn.: Greenwood Press, 1995, pp. 73. ISBN 978-0313279515.

⁶⁹ LEFFLER, Melvyn. *A preponderance of power: national security, the Truman administration, and the Cold War*. Stanford, Calif: Stanford Univ. Press, 1993, Stanford Nuclear Age Series. pp. 164-172. ISBN 978-080-4722-186.

⁷⁰ SPERLING, James and Emil Joseph KIRCHNER. *Recasting the European order: security architectures and economic cooperation*. New York: St. Martin's Press, [U.S. distributor], 1997, pp. 13-15. ISBN 07-190-

bipolarity removed a militarized conception of security which involved economic supremacy as well.⁷¹ The countries of Eastern Europe were about to go through the process of democratization and marketization which required macroeconomic stability in the Western countries.⁷² If we consider the integration of Central and Eastern European countries into the European economy “as a crucial pillar of the transition process”⁷³, so we can conclude that the economic integration should be considered as the constituent part of economic security. The US were awarded of the economic integration process of the EU and the economic emergence of East Asia before the Fall of Berlin Wall.⁷⁴ Already in 1989 was draw strategy for inter-regional economic integration to APEC⁷⁵ and later abandoned Enterprise for the Americas Initiative has been proposed in 1990 during the administration of George Bush. The EU trade negotiations would be compared to the US trade negotiations which were often shadowed. Also

3987-8.

- ⁷¹ MCKENZIE, Mary M., Peter H. LOEDEL (eds.) and foreword by Ernst-Otto CZEMPIEL. *The promise and reality of European security cooperation states, interests, and institutions*. Westport, Conn: Praeger, 1998, pp. 7. ISBN 978-1567508505.
- ⁷² Ibid., pp. 85-86
- ⁷³ RESMINI, Laura and Iulia TRAISTARU: Spatial Implications of Economic Integration in EU Accession Countries. TRAISTARU, Iulia, Peter NIJKAMP and Laura RESMINI (eds.). *The emerging economic geography in EU accession countries*. Burlington, VT: Ashgate, c2003, pp. 3. Ashgate Economic Geography Series. ISBN 978-0754633181.
- ⁷⁴ VIZENTINI, Paulo G.F: MERCOSUR/L at Crossroads: Difficulties in the Integration Process or Neoliberalism's Crisis?. RADTKE, Kurt W. a Marianne WIESEBRON (eds.). *Competing for integration: Japan, Europe, Latin America and their statagic partners*. Armonk, NY: M.E. Sharpe, 2002, pp. 197. ISBN 07-656-0962-2.
- ⁷⁵ ZOELLICK, Robert B.: An Architecture of U.S. Strategy after the Cold War. LEFFLER, Melvyn pp. and Jeffrey LEGRO (eds.). *In uncertain times: American foreign policy after the Berlin Wall and 9/11*. Ithaca: Cornell University Press, Cornell paperbacks. pp. 39. ISBN 978-0801476198.

trade power would be considered equal including capital flow. However what can't be compared is the military power because "militarizing the EU does not implicitly increase its power in interstate politics, [...], is increasingly risking its normative power."⁷⁶ This was actually the main security strategy of the EU to protect its interests abroad including neighborhood.⁷⁷

The EU integration process significantly contributed to internal market interdependence⁷⁸ which contributed to the EU trade power as more states shared a common single market. Our conclusion is that the EU trade power⁷⁹ should be defined as the key factor for its economic security in the post-Cold War period - any threats or limitations for economic security of the EU would lead to the loss of influence in the international relations. Indeed, the impact of economic interdependence within the EU should be projected behind the scope of the EU/EC origin (France-Germany) and the post-Cold War enlargement (the accession of Central and Eastern European countries) which in nature has been at least during the first stage the economic and political stabilization of neighborhood environment. The economy interdependence in bi-regional scheme or inter-regional scheme contributes to economic

⁷⁶ MANNERS, Ian: Normative power Europe reconsidered: beyond the crossroads. SJURSEN, Helene (ed.). *Civilian or military power?: European foreign policy in perspective*. London: Routledge, 2007, Journal of European Public Policy Series. pp. 26. ISBN 978-0415568531.

⁷⁷ There should be considered exceptions like military operations in Balkan leading to Dayton Agreement or a military intervention in Libya but these were part of NATO military operations.

⁷⁸ HERCE, Jose A. and GARCIA-VEGA, Maria: Interdependent Growth in the EU: the Role of Trade. WEEKS, Robert V. (ed.). *International trade issues*. Nova Science Publishers, c2006, pp. 87-106. ISBN 15-945-4621-5.

⁷⁹ NICOLAIDIS, Kalypso and MEUNIER, Sophie: The European Union as a conflicted trade power. PETERSON, John a Alasdair R. YOUNG (ed.). *The European Union and the new trade politics*. London: Routledge, 2007, pp. 112-13. ISBN 04-153-9491-0.

vulnerability.⁸⁰ However economic interdependence is always mutual relation with negative economic effects to both or more sides if circumstances have negative tendencies. Moreover economic isolation wouldn't be the right option if we take into the account "the generally recognized lesson of the Soviet experience [...] the Soviet economy greatly slowed down, largely because it was isolated from new technological developments and sources of foreign capital."⁸¹

In the context of economic security we could also incorporate the level of technological competitiveness and final price of products as comparative advantage. However, it would be important only in the case of trade exchange with Asia or the US, but not in relation to the EU-Latin America, where the majority of imports consisted in primary products. Within the commercial triangle Asia-EU-Latin America, the EU gradually suffered from deepening disadvantage on the ground of cost as stated in 'European Competitiveness Report 2013': "Asia is gaining ground as a main producer of new technological knowledge in KETs, thereby demonstrating fast market share gains. Europe has a strong technological capacity, and substantial production base, is specialized in (mature) products with high technology content, but it has mainly compete on price. Moving to the higher end of the value chain is a real challenge."⁸² In other words the EU was losing its

⁸⁰ LORD, Kristin M.: The Meaning and Challenges of Economic Security. CIPRUT, Jose V. (ed.). *Of Fears and Fors: Security and Insecurity in an Evolving Global Political Economy*. Westport: Praeger, 2001, pp. 59-65. ISBN 978-0275975753.

⁸¹ ROSECRANCE, Richard: The European Union: A New Type of International Actor. ZIELONKA, Jan. *Paradoxes of European foreign policy*. Boston: Kluwer Law International, c1998, pp. 21. ISBN 90-411-0571-9.

⁸² Commission Staff Working Document: SWD(2013)347 final. In: *European competitiveness report: working document of the services of*

advantage as the producer of key enabling technologies at the expense of Asia – not limited to China but Japan and South Korea as well. In order to be more consistent and specific we have focused primarily on China which is considered as one of the main threat to the EU economic interests in Latin America. Chinese foreign policy and economic interests were capable during relatively short period be highly competitive in export of manufactures to Latin America and import of primary products from the region. Global view indicated that Chinese competitiveness related to the EU has been strongly influenced by RMB exchange rate as well: “The appreciation of the Euro against the RMB has deteriorated international competitiveness of all countries in the Euro Area.”⁸³

the European Commission [online]. Brussels: European Commission, 2013 [cit. 2014-03-09]. pp. 180. ISBN 978-92-79-33267-8. ISSN 1682-0800. DOI: 10.2769/87984. Retrieved from:
http://ec.europa.eu/enterprise/policies/industrial-competitiveness/competitiveness-analysis/european-competitiveness-report/files/eu-2013-eur-comp-rep_en.pdf

⁸³ HUTCHINSON, Michael: Obstacles to Global Financial Adjustment: Economic Re-polarization and the Euro Area. OXELHEIM, Lars (ed.). *EU-Asia and the re-polarization of the global economic arena*. Hackensack, NJ: World Scientific Publishing Co., c2012, xxiii, 588 pp. Advanced

III. EUROPE AND LATIN AMERICA

III.1. Asymmetric relations

We would argue that almost two hundred years after independence movement in Latin America, which redefined mutual diplomatic relations between both regions, a certain character of economic relation with Europe hasn't significantly evolved into a different scheme and "for Latin America, Europe became a provider of capital to finance the governments of the new republic and the fledgling economies of the region, mainly through investment in government bonds, public utilities and the agricultural and mining sectors. For Europe, Latin America was a growing market for its exports and relatively secure supplier of raw materials."⁸⁴

If numbers SITC⁸⁵ product groups are employed so more precise picture on mutual trade is obtained. Comparing data (Table 1) from 2012 of the EU imports from Latin America countries so data were composed as followed (Product/Value in MioEUR/Share in %): Primary products/75,743/67,8%; Manufactures/31,726/28,4%; Other products/2,846/2,6% and vice versa exports from the EU to Latin America countries: Primary products/13,495/11,9%; Manufactures/96,459/84,9%; Other products/1,531/1,4%. The comparison of provided data from 2012 indicates that almost of three-quarters imports from Latin America to the EU were composed from raw materials/commodities and exports from the EU to Latin America were composed more than four-fifths from manufactured goods. Eventual reader of following words would have feeling that V. Bulmer-Thomas made a description of the

research in Asian economic studies. ISBN 978-9814366526. pp. 51

⁸⁴ DURÁN, Esperanza. *European interests in Latin America*. Boston: Routledge, 1985, Chatham House papers, no. 28. pp. 10. ISBN 07-102-0619-4.

⁸⁵ Standard International Trade Classification.

situation in 2012 and not the analysis of 1929: "The main problem was the slow growth of world trade. [...] Indeed, the increase in the volume of world trade was little more than 1 percent per year. This was an insufficient stimulus under normal conditions for those countries that were following export-led growth. Furthermore, world trade in many commodities was growing more slowly than world production. This discrepancy - a sure sign of import substitution in agriculture in a number of countries - reflected the growth of agriculture protection in Europe and North America [...]"⁸⁶ If world trade was in the year 1929 little more than 1% so in the year 2012 it was 2.0% (WTO data)⁸⁷ or 2,2% (Table 2). The Doha round was far to be considered as accomplished so agriculture subsidies in the EU under Common Agricultural Policy were in place (in spite of the CAP reforms).⁸⁸ Latin America was predominantly dependent on export-led growth of primary products as well. Based on these conditions it would have been natural that Latin American countries should suffer from negative commodity cycle – but it didn't happen as the global economic environment was different than during the Great Depression. Especially no protectionists measures has been raised and no the Great Depression scenario has followed

⁸⁶ BULMER-THOMAS, V. *The economic history of Latin America since independence*. 2nd ed. New York: Cambridge University Press, 2003, pp. 161. ISBN 05-215-3274-4.

⁸⁷ WTO | 2013 Press Releases: Trade to remain subdued in 2013 after sluggish growth in 2012 as European economies continue to struggle. WTO. *WTO: 2013 PRESS RELEASES* [online]. WTO, 2013, 10 April 2013 [cit. 2014-03-06]. Retrieved from: http://www.wto.org/english/news_e/pres13_e/pr688_e.htm

⁸⁸ CAP post - 2013: Key graphs & figures: CAP expenditure in the total EU expenditure. In: *CAP expenditure in the total EU expenditure: CAP expenditure in the total EU expenditure* [online]. Brussel: DG Agriculture and Rural Development, © European Union, 2014, February 2014 [cit. 2014-03-06]. Retrieved from: http://ec.europa.eu/agriculture/cap-post-2013/graphs/graph1_en.pdf

at least not on such disruptive scale. Maybe it would be hardly enough but the global economy was driven by developed Asian countries and some other emerging markets as well.

The latter started when the power bipolarity was at the beginning of its end. The cornerstone for stronger economic Sino-Latin American bound was laid already in the very early of 1990s. The state visit of President Yang Shangkun in 1990 prepared a ground for the state visits of Jiang Zemin in 1993, 1997 and 2001 "which sparked a new wave of diplomacy between China and Latin America, accompanied by deepening economic ties."⁸⁹ China during two decades since the first state visit of President Jiang Zemin made a huge progress in straightening diplomatic and economic positions within the region.

In 2010 the European Parliament stated "that the European Union should seek to make a more attractive offer aimed at serving the economic development interests of our partners, in order to ensure its presence in the region, alongside the US and China; believes that this should include complementary offers, for instance regarding capacity building and technology transfers; stresses also the need for respectful treatment of our partners and acknowledgment of asymmetric needs"⁹⁰ European Parliament Resolution not only acknowledged a long

⁸⁹ ZHU, Zhiquan. *China's new diplomacy: rationale, strategies and significance*. Second edition. Farnham-Surrey: Ashgate Pub Co, 2013, Rethinking Asia and International Relations. pp. 93. ISBN 978-1409452928.

⁹⁰ European Parliament resolution of 21 October 2010 on the European Union's trade relations with Latin America (2010/2026(INI)): Trade relations with Latin-America. In: *Official Journal of the European Union*. Brussel, 2012, (2012/C 70 E/08), P7_TA(2010)0387. Retrieved from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:070E:0079:008>

term scheme of mutual trade exchange between the EU and Latin America (asymmetric needs) but also identified a new player in the region (China).

Europe and the US have been in Latin America for decades competitors trying to negotiate better positions as it happened when "MERCOSUR turned out to be an area of commercial rivalry between the EU and the US, a region where two of the most important countries of South America are involved. [...] The EU's interests did not differ from those of the US."⁹¹ Transatlantic relationship forged mainly during the Cold War between the US and the EU have been in post-Cold War era weakened because of trade disputes⁹², a different approach to foreign policy and "some analysts and policymakers on both sides of the Atlantic increasingly question whether the United States and a more integrated and assertive Europe continue to share the same interests and values."⁹³

However a certain level of interdependence in terms of foreign

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- ⁹¹ BOTTO, Mercedes and Andrea C. BIANCULLI. Comparative Asymmetric Trade negotiations in the Southern Cone: FTAA and EU-MERCOSUR. BILAL, Sanoussi, Philippe de LOMBAERDE a Diana TUSSIE (eds.). *Asymmetric trade negotiations*. Burlington, VT: Ashgate, c2011, pp. 92-93. ISBN 9781409434078.
- ⁹² See also: BUSCH, MARC L. and Eric REINHARDT. Transatlantic Trade Conflicts and GATT/WTO Dispute Settlement. PETERSMANN, Ernst-Ulrich and Mark A. POLLACK (eds.). *Transatlantic economic disputes: the EU, the US, and the WTO*. New York: Oxford University Press, 2003, s. 465-485. International economic law series (Oxford, England). ISBN 0199261733. Available at: <http://www9.georgetown.edu/faculty/mlb66/florence.pdf>
- ⁹³ KHOVANOVA, Kseniia M. The Expanded EU and the Future of Transatlantic Relations. KHOVANOVA, Kseniia M, Nejat DOGAN a Maxym KOVALOV. *Expanded EU: from autonomy to alliance*. New York, NY: Rodopi, 2008, At the interface/probing the boundaries, v. 51. pp. 38. ISBN 978-9042024823.

policy, defense policy and participation in international organizations created a system of mutual communication supported by similar values in spite of that they were understood from different angles and "as the agenda of the global negotiations has broadened to include not only trade in goods but also trade in services and other areas such as intellectual property rights, it has become progressively more difficult to draw a sharp distinctions between EU and US positions, and indeed there has been increasing evidence of a recognition of common interests between the EU and the US in areas where they are challenged by 'emerging economies'."⁹⁴ Especially China proved to be a major challenge capable to be firmly established in Latin America and its presence would have reminded to the US and the EU something like hedgehog's dilemma.

III.2. Economic stability or democracy?

At the very beginning of this dissertation was mentioned the idea that economic ties contributed to cultural relation between Europe and Latin America. Truly it would be highly difficult to precisely define term democracy in this dissertation. However to achieve at least a partial consensus we understand to the definition of democracy as it is defined in the report from the Economist Intelligence unit 'Democracy Index 2012'⁹⁵, where is stipulated that "free and fair elections and civil liberties are necessary conditions for democracy, but

⁹⁴ SMITH, Michael. The EU, the US and international organizations: trade politics in the global political economy. BOURANTONIS, Edited by Spyros Blavoukos and Dimitris. *The EU presence in international organizations*. 1. publ. London: Routledge, 2012, pp. 106. ISBN 9780415522823.

⁹⁵ *Democracy index 2012: A report from The Economist Intelligence Unit* [online]. Chicago: The Economist, 2013, © The Economist Intelligence Unit Limited 2013 [cit. 2014-03-08]. Intelligence Unit. Retrieved from: https://portoncv.gov.cv/dhub/porton.por_global.open_file?p_doc_id=10

they are unlikely to be sufficient for a full and consolidated democracy if unaccompanied by transparent and at least minimally efficient government, sufficient political participation and a supportive democratic political culture.”⁹⁶ Based on certain set of criteria (Electoral process and pluralism, Functioning of government, Political participation, Democratic political culture, Civil liberties) it is suggested that full democracy (11% of world population) or at least flawed democracy (37,2% of world population) is mostly limited to the political and cultural system of the North America countries (United States and Canada) or in a broader sense Anglo-Saxon culture (Australia, New Zealand), Member States of the European Union and selectively to a few Latin America countries.

Samuel P. Huntington generally explained this as the cultural influence which is projected to politics with cultural and regional limitations as he saw that ”one serious impediment to democratization was the absence or weakness of real commitment to democratic values among political leaders in Asia, Africa, and the Middle East. [...] Many European, North American, and Latin American political leaders in the last half of the twentieth century were ardent and articulate advocates as well as practitioners of democracy when they were in office. Asian and African countries, in contrast, did not spawn many heads of government who were also apostles of democracy.”⁹⁷ Francis Fukuyama in his book 'The End of History and The Last Man'⁹⁸ on the contrary to Samuel P. Huntington put in

⁹⁶ Ibid., pp. 1

⁹⁷ HUNTINGTON, Samuel pp. *The third wave: democratization in the late twentieth century*. Norman: University of Oklahoma Press, c1991, Julian J. Rothbaum distinguished lecture series. pp. 297. ISBN 978-080-6125-169.

⁹⁸ FUKUYAMA, Francis. *The end of history and the last man*. 1st Free Press trade pbk. ed. New York: Free Press, 2006, pp. ISBN 07-432-8455-0.

doubt the idea of cultural influence as necessary component and instead of regional conditions saw geographical conditions as a prerequisite for democracy including government system and historical background. Difficulties would arise when we consider that economics is an important prerequisite for democracy. Adam Przeworski questioned the role of the economic level under certain conditions: "If we take all countries in the world that fall in the Latin American income range per capita, from \$US971 to \$US8,233, we discover that democracies are more likely in Latin America than in other regions [...] the level of economic development, as measured by per capita income, is by far the best predictor of political regimes. Yet there are countries in which dictatorship persist [...]." ⁹⁹ On the assumption that modernization theory is universally valid we would assert that economically stronger and developed country should exhibit more political stability leading to deeper democracy. We tend to believe that this assumption is misguided and incorrect. As an example would serve Japan or South Korea which practice representative democracy - in nature ineffective. ¹⁰⁰ Japan and South Korea were under the influence of long-term territorial and geopolitical interests of the US. Democracy in these countries was vertically imposed by the postwar bipolar situation and following arrangements and not by economic and social complexity. In order to consider effect of economy on democracy we need to analyze the most important economic

⁹⁹ PRZEWORSKI, Adam, Michael E. ALVAREZ, Jose Antonio CHEIBUB and Fernando LIMONGI. *Democracy and development: political institutions and well-being in the world, 1950-1990*. Reprinted. Cambridge, England: Cambridge University Press, 2000, Cambridge Studies in the Theory of Democracy, Book 3. pp. 87-88. ISBN 978-052-1793-797.

¹⁰⁰ JUN, Jong S.. *The social construction of public administration: Interpretive and critical perspectives*. Albany: State University of New York Press, 2006, Suny Series in Public Administration. pp. 209. ISBN 978-079-1467-268.

event preceding the Bipolar World Order – the Great Depression.

As the reaction to this event the U.S. adopted in 1930 the Tariff Act (codified at 19 U.S.C. ch. 4)¹⁰¹ which caused a wave of economic protectionism or retaliation in Europe. One of them was Abnormal Importations (Customs Duties) Act 1931 in Great Britain followed by other legislative measures¹⁰² in 1932 at the Ottawa conference which "left Latin America facing discriminatory tariffs in its second-largest market."¹⁰³ Smoot-Hawley seriously contributed to the interruption of the world trade among the most developed nations and economically damaged the US as well.¹⁰⁴ In this context we can hardly agree with Francis Fukuyama that "the states of Latin America were never forced to adopt policies of protectionism and import substitution when faced with the world depression of the 1930s, yet such policies undermined their prospects for stable democracy for years to come."¹⁰⁵

¹⁰¹ 19 U.S. Code Chapter 4 - TARIFF ACT OF 1930. In: *Public Laws for the current Congress*. Washington, 1930, Pub. L. 113-75. Retrieved from: <http://www.law.cornell.edu/uscode/text/19/chapter-4> Note: The Act is also known as Smoot–Hawley Tariff Act.

¹⁰² NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH. *Trade Regulations & Commercial Policy of the United Kingdom*. Cambridge: CUP Archive, 1943, pp. 21. ISBN ASIN: B00G6PNGOo. Retrieved from: http://books.google.cz/books?id=nLc6AAAAIAAJ&dq=Trade+Regulations+and+Commercial+Policy+of+the+United+Kingdom&hl=cs&source=gbs_navlinks_s

¹⁰³ BULMER-THOMAS, V. *The economic history of Latin America since independence*. 2nd ed. New York: Cambridge University Press, 2003, xxii, pp. 211. ISBN 05-215-3274-4.

¹⁰⁴ IRWIN, Douglas A. *Peddling protectionism: Smoot-Hawley and the Great Depression*. Princeton, N.J.: Princeton University Press, 2011, pp. 183. ISBN 06-911-5032-X.

¹⁰⁵ FUKUYAMA, Francis. *The end of history and the last man*. 1st Free Press trade pbk. ed. New York: Free Press, 2006, xxiii, pp. 220. ISBN 07-

Latin American countries reflected economic nationalism and protectionism in Europe which were adopted especially in Western countries¹⁰⁶ with inclination to fascist ideology or authoritarian system (Italy, Portugal, Spain, and Germany). Brazil and Argentina followed their cultural (immigration) link to Europe as they adopted similar measures of those in Portugal, Germany and Italy.¹⁰⁷ Especially the government of Getúlio Vargas¹⁰⁸ "was patterned after fascist models of Italy and Portugal [...] system established by Vargas under the Estado Novo envisaged a corporate state hierarchy of employers' and workers' organizations."¹⁰⁹ It should be underlined that anti-Semitism in Latin America wasn't necessarily ideologically connected to anti-Semitism in Europe¹¹⁰ where was firstly adopted in Germany and later in Italy in 1938 as "there were genuine anti-Semites in the Fascists Party [...]."¹¹¹ Anti-Semitism in Argentina would have

432-8455-0.

¹⁰⁶ Exceptions with regards to Finland, Hungary or Romania indicate that a general rule hardly can be applied. However these countries were also influenced by Western countries (Italy, Germany).

¹⁰⁷ BLOUET, Brian W a Olwyn M BLOUET. *Latin America and the Caribbean: a systematic and regional survey*. 6th ed. Hoboken, NJ: Wiley, c2010, viii, Latin America and the Caribbean. pp. 145. ISBN 04-703-8773-4.

¹⁰⁸ Brazilian form of fascism should be considered in the context of Brazilian Integralism (Ação Integralista Brasileira) together with its founder Plínio Salgado who was mostly influenced by Italian fascism.

¹⁰⁹ ALEXANDER, Robert J. a With the collab. of Eldon M. PARKER. *A history of organized labor in Brazil*. Westport, Conn: Praeger, 2003, pp. 67-68. ISBN 978-027-5977-382.

¹¹⁰ It should be mentioned that Brazilian Integralism adopted highly radical anti-semitism through the party fraction of Gustavo Barroso and his followers. However anti-semitism as an official policy never reached a majority within the party or the Brazilian society.

¹¹¹ NEVILLE, Peter. *Mussolini*. New York: Routledge, 2004, Routledge Historical Biographies. pp. 117. ISBN 04-152-4990-2.

been encouraged by European fascism but in reality it was presented in society for long time as revealed Tragic Week in 1919.¹¹²

Gino Germani proposed the idea that European and Latin American “fascist (or fascist-like) regimes came into power after the failure of a real (or perceived) threat of leftist revolution.”¹¹³ We can’t agree with this simplified conclusion because fascism in Europe and Latin America had many variants and layers.¹¹⁴ It would be true in Italy, Germany and also in Hungary as aftermath of the First World War¹¹⁵ and partially also in Argentina where it would be also seemed as the protection of Christian doctrine.¹¹⁶ In opposition stands Chile in 1930s where political instability has been ended in 1932 by second administration of Arturo Alessandri Palma and “during Alessandri's second presidency, the political parties and social movements associated with the Left also

¹¹² RUGGIERO, Kristin. *The Jewish diaspora in Latin America and the Caribbean: fragments of memory*. Repr. Brighton: Sussex Academic Press, 2010, pp. 214. ISBN 978-184-5194-147.

¹¹³ GERMANI, Gino. *Authoritarianism, fascism, and national populism*. New Brunswick, N.J: Transaction Books, 1978, pp. 74. ISBN 978-087-8556-427.

¹¹⁴ MOSSE, George L. Toward a general theory of fascism. FELDMAN, GRIFFIN, Roger and Matthew FELDMAN. *Fascism: critical concepts in political science*. New York: Routledge, 2004, pp. 148. ISBN 0-415-29016-3.

¹¹⁵ SENNEBOGEN, Waltraud: Communism as a Common Enemy? Horthy's Hungary, National Socialist Germany and Fascist Italy. BESIER, Gerhard, Francesca PIOMBO and Katarzyna STOKLOSA (eds.). *Fascism, communism and the consolidation of democracy: a comparison of European dictatorships*. Berlin: LIT Verlag, 2006. Mittel- und Ostmitteleuropastudien, Book 2. pp. 41-50. ISBN 978-382-5896-577.

¹¹⁶ BEN-DROR, Graciela. *The Catholic Church and the Jews: Argentina, 1933-1945*. Lincoln, Neb.: Vidal Sassoon International Center for the Study of Antisemitism (SICSA), the Hebrew University of Jerusalem, c2008, pp. 132-133. ISBN 978-0803218895.

reestablished themselves. The Communist Party rebuilt itself [...].”¹¹⁷ Moreover the radical Movimiento Nacional Socialista de Chile never gained a major popular support in the national congressional elections.¹¹⁸ As the most balanced view on relation of the rise of fascism and economic interests would be the opinion of Charles Austin Beard: “There were grave economic disturbances in Italy when Mussolini came to power in that country and undoubtedly the great depression in Germany made it easier for Hitler to seize the state in 1933. [...] But purely economic interpretation of the rise, growth, and nature of Fascism are oversimplifications.”¹¹⁹ James Gregor argued that in Germany fascism provided among other a promise how to overcome all present difficulties and anxieties, social inequalities and economic crisis.¹²⁰ It would be questioned if it was a real intention of fascism which preferred the state instead of the individual. Nicholas Crafts and Peter Fearon deeply considered the effect of Great Depression on democracy. Among others findings they observed that Nazi economic policy was primarily focused on the economic improvement of the state¹²¹ and the improvement of the living conditions of German population has been secondary almost as a side effect. The failure of democracy was caused by the failure of liberal institutions which were not

¹¹⁷ ROSEMBLATT, Karin Alejandra. *Gendered compromises political cultures and the state in Chile, 1920-1950*. Chapel Hill, NC: University of North Carolina Press, 2000, pp. 33. ISBN 978-080-7848-814.

¹¹⁸ BETHELL, Leslie. *Chile since independence*. New York: Cambridge University Press, 1993, pp. 100. ISBN 05-214-3987-6.

¹¹⁹ BEARD, Charles A. *The economic basis of politics*. Piscataway, NJ: Transaction Publishers, 2002, pp. 91. ISBN 978-076-5809-322.

¹²⁰ GREGOR, James A.: The problem. GRIFFIN, Roger and Matthew FELDMAN (eds.). *Fascism: critical concepts in political science*. New York: Routledge, 2004, pp. 329. ISBN 0-415-29016-3.

¹²¹ CRAFTS, Nicholas and Peter FEARON. *The great depression of the 1930s: lessons for today*. 1st ed. Oxford: Oxford University Press, 2013, pp. 26. ISBN 01-996-6318-1.

prepared for the complexity of industrialized society.¹²² These similarities in Latin America were accompanied by the emergence of new elites who had no vision or/and courage to completely change the existing order.¹²³ Economic factors were involved as integral part which contributed to the spread of fascism together with political and social factors.

We used this brief historical insight primarily as the explanatory example to clarify how narrow has been a relation between democracy and economic security in Latin America. Alistair Hennessy noted on fascism and populism in Latin America “that in spite of Latin America's turbulent history of dictatorship and authoritarianism, fascist movements did not take root there and that even regimes have the trappings of fascism such as Varga's Brazil and Perón's Argentina cannot easily be fitted into the fascists mold.”¹²⁴ In this dissertation we fully agree with the Hennessy's view. Indeed, there had been radicals in South America who fully adopted the ideas of European fascism but we should talk about corporatism than fascism as these radical never gained a full governmental and public support in the region. A phenomena of larger attractiveness of fascism or better defined as the attractiveness of ideas of fascism in Latin America should be considered more as a reflection on “the devastating effects of the Great Depression on the Latin economies, the vast income inequalities in almost every country in the region, a naive

¹²² STACKELBERG, Roderick. *Hitler's Germany: origins, interpretations, legacies*. New York: Routledge, pp. 64. ISBN 04-152-0115-2.

¹²³ WIARDA, Howard J. and Margaret MacLeish MOTT. *Politics and social change in Latin America: still a distinct tradition?*. 4th ed., rev. and updated. Westport, Conn.: Praeger, 2003, pp. 288 ISBN 978-0275970338.

¹²⁴ HENNESSY, Alistair: *Fascism and Populism in Latin America*. LAQUEUR, Walter. *Fascism: a reader's guide : analyses, interpretations, bibliography*. [1st paperback pr.]. Berkeley: University of California Press, 1978. pp. 255. ISBN 978-052-0036-420.

confidence in the ability of governments to cure all social and economic ills [...].”¹²⁵ Indeed, it was also the influence of decisive superiority of the Allies and above all the political pressure from United States which prevented to spreading of fascism in Latin America. Ironically these factors, including diplomatic tensions with the United States,¹²⁶ encouraged military radicals in Argentina to take power followed by political and economic independence of the army.¹²⁷ The example of fascism regimes or like-fascism regimes in Latin America followed or accompanied by military coup d’état or populism¹²⁸ (sometimes combination of both) in some countries of Latin America indicates that an economic instability could cause social, institutional and governmental instability. Therefore it is more adequate to stipulate that “the economic collapse of the Great Depression brought serious doubts to these beliefs. With apparent demise of laissez-faire capitalism, many began to espouse alternative economic systems.”¹²⁹ These “alternative economic systems” were based on social and political deprivation lasting two decades after

¹²⁵ DORNBUSCH, Rudiger a Sebastian EDWARDS (eds.). *The Macroeconomics of populism in Latin America*. Chicago: University of Chicago Press, 1991, Conference report (National Bureau of Economic Research). pp. 2. ISBN 978-0226158440.

¹²⁶ ROCK, David. *Authoritarian Argentina: the nationalist movement, its history and its impact*. Berkeley: University of California Press, 1995, pp. 131. ISBN 978-052-0203-525.

¹²⁷ MARCHAK, Patricia. *God's assassins: state terrorism in Argentina in the 1970s*. Montreal [u.a.]: McGill-Queen's Univ. Press, 1999, pp. 52-56. ISBN 978-077-3520-134.

¹²⁸ The scholar views on the populism in Latin America isnt uniformed. There are historians who consider Peronism as transformed fascism. See also: BRENNAN, James pp. (ed.). *Peronism and Argentina*. Wilmington, Del.: SR Books, c1998, xiv, 233 pp. ISBN 08-420-2706-8.

¹²⁹ PICHARDO ALMANZAR, Nelson and Brian W. KULIK. *American fascism and the new deal: the Associated Farmers of California and the pro-industrial movement*. Lanham: Lexington Books, 2013, pp. 8. ISBN 978-0739179260.

the First World War but their origin should be identified more deeply. Some scholars were of the opinion that high concentration of private ownership has been in South America challenging for democracy¹³⁰ but other opinions makes us to consider also colonial legacy because “democracy cannot easily take root where political instability reigns and the nation-state is a weakly defined territorial and cultural unit without legitimacy - as was the case in postindependence Latin America.”¹³¹

The economy isn't the only factor for stable democracy but it “becomes clear that the level of economic development is crucial for the stability of democracies [...] past regime instability plays the greatest role. Religious or ethnolinguistic heterogeneity also affects the stability of both regimes. In turn, the colonial heritage and cultural patterns, at least as indicated by the frequency of major religions, play almost no role.”¹³² It is proposed that the stability of social structures and its political systems in Latin American countries were influenced by economic conditions with reflections to historical, political and social background. This hypothesis is supported by Douglass C. North, William Summerhill, and Barry R. Weingast who compared social and economic development in North and Latin America. Their conclusion was focused on synthesis, where adoption or rejection of colonial

¹³⁰ LIPSET, Seymour Martin and Jason M. LAKIN. *The democratic century*. Norman: University of Oklahoma Press, c2004, xviii, pp. 161. ISBN 978-0806136189.

¹³¹ Ibid., pp. 305

¹³² PRZEWORSKI, Adam Przeworski, Michael E. ALVAREZ, Jose Antonio CHEIBUB and Fernando LIMONGI. *Democracy and development: political institutions and well-being in the world, 1950-1990*. Reprinted. Cambridge, England: Cambridge University Press, 2000, Cambridge Studies in the Theory of Democracy, Book 3. pp. 128. ISBN 978-052-1793-797.

and cultural heritage influenced following political order, because "the new United States also kept most of the British rules of the economic game, from property rights to free trade across colonies/states. [...] In Spanish America, by contrast, the demise of the old system raised new conflicts that the nascent states proved unable to resolve. Throughout this region, attempts to create new republican institutions clashed with the political foundations of the old order. [...] The result was — and remains — a significant burden on economic development."¹³³ These schools of thought promoted the idea that Latin American society needs a natural or gradual social evolution, which is accompanied by the appropriate conditions — among others the full participation of society on political decisions through functional institutions. This role in Latin America has traditionally been for long time reserved exclusively to national elites who "have lacked consensus and unity; the result has been unstable regimes [...] or pseudo- or unconsolidated democracy [...]."¹³⁴

In the year 2012 was GDP per capita¹³⁵ in Venezuela 12.729 \$US which would be compared to Poland with GDP per capita

¹³³ NORTH, Douglas C., William SUMMERHILL and Barry R. WEINGAST: Order, Disorder and Economic Change. BUENO DE MESQUITA, Bruce and Hilton L. ROOT (eds.). *Governing for prosperity*. Yale University Press, c2000, vi, 266 pp. 46-47. ISBN 03-000-8018-2. Also available at: <http://www.international.ucla.edu/cms/files/weinga.pdf>

¹³⁴ BURTON, Michael: Elites and democratic consolidation in Latin America and Southern Europe: an overview. HIGLEY, John and Richard GUNTHER (eds.). *Elites and Democratic consolidation in Latin America and Southern Europe*. Cambridge University Press, 1992, pp. 323. ISBN 05-214-2422-4.

¹³⁵ Definition of GDP per capita by The World Bank: GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated

at the same year with 12.708 \$US. Having in mind a level of democracy in both states together with almost the same level of income per capita so Przeworski's assumption would seem to be incorrect if is considered only the level of GDP. However the term 'economic development' shouldn't be limited to macroeconomic indicators¹³⁶ or to the theory of economic freedom as the condition for political democracy which were proposed by old and new economic institutionalism.¹³⁷ For this reason it would be appropriate if we also reflect income inequality related to political instability because Latin America was lack of "political consensus, largely due to a huge disparity in wealth distribution. Most likely this lack of policy consensus, rather than the continent itself, is what causes the economy to falter [...]."¹³⁸

Harold D. Clarke and Allan Kornberg described a sensitive relation between public welfare and democratic systems: "[...] public support for these political systems has become increasingly dependent upon continued economic prosperity – something that political leaders, however wise their policies and effective their managerial skill, cannot guarantee."¹³⁹ Yi

assets or for depletion and degradation of natural resources.

¹³⁶ More extreme example of the relation between democracy and GDP per capita in 2012 would be Equatorial Guinea with 24.036 \$US or Saudi Arabia with 25.136 \$US compared to Czech Republic with 18.608 \$US. In case of Equatorial Guinea would be supported the hypothesis of North, Summerhill and Weingast due to Spanish colonial heritage.

¹³⁷ LANE, Jan-Erik and Svante O. ERSSON. *Democracy: a comparative approach*. New York: Routledge, 2003, pp. 94. ISBN 978-0415265881.

¹³⁸ FENG, Yi. *Democracy, governance, and economic performance: theory and evidence*. Cambridge, Mass.: MIT Press, c2003, pp. 83. ISBN 978-0262062350.

¹³⁹ CLARKE, Harold D. and KORNBERG, Allan: Public Reactions to Economic Performance and Political Support. Contemporary Liberal Democracies: The Case of Canada. CLARKE, Harold D., Marianne C. STEWART and Gary ZUK. *Economic decline and political change Canada*,

Feng proposed hypothesis that political stability¹⁴⁰ can be achieved by redistribution of wealth presumes that Latin America countries suffered from a vicious circle - a promise of prosperity defined by short time interests of political elites led in some Latin American countries (Peru, Venezuela or Argentina) to the economic populism. This is the reason why we would agree with Miguel Urrutia who observed that “Colombia, like the majority of the countries of the region has had a very unequal distribution of income. [...] there seems to have been a significant improvement in income distribution [...] it may have something to do with the absence of populist economics in the country.”¹⁴¹ Miguel Urrutia also partially supports Yi Feng when in the conclusion identifies that due to political stability including the clienteles, the concentration of political power and the existence of a free press would explain the reason why Colombia differs from other countries in the region.¹⁴² However in 'Democracy Index 2012' Colombia obtained rank 57 which would be compare to Mexico with rank 51 or Argentina with rank 52.¹⁴³ If data are more deeply analyzed we can find that Colombia had mostly problems with political culture and political participation compared to Mexico and Argentina. On the other hand a higher

Great Britain, the United States. Pittsburgh, PA: University of Pittsburgh Press, 1989, pp. 272. ISBN 978-082-2985-167.

¹⁴⁰ It is important to underline that Yi Feng considered the political determinants for long-run economic growth.

¹⁴¹ URRUTIA, Miguel: On the Absence of Economic Populism in Colombia. DORNBUSCH, Rudiger and Sebastian EDWARDS (eds.). *The Macroeconomics of populism in Latin America*. Chicago: University of Chicago Press, 1991, Conference report (National Bureau of Economic Research). pp. 374. ISBN 978-0226158440.

¹⁴² Ibid., pp. 386

¹⁴³ Best regional performance in the region by 'Democracy Index 2012' received Uruguay with rank 18 due to electoral process and pluralism and civil liberties. It can be compared to the Czech Republic which obtained overall rank 17.

performance of Colombia can be observed especially in the functioning of government.

Maybe the factor of effective governance would be considered actually as the most important for the protection of economic interests because "perhaps the stability that matters for foreign investors is not the stability of regimes, be they dictatorships or democracies, but the stability of policies, especially assurances against expropriation, which the successive governments in these countries appear to have provided, principally because they are reluctant to kill that lays the golden egg."¹⁴⁴ However such approach would the EU bring near to Chinese diplomacy not mention the loss of commitment which has been mentioned in EU-LAC Rio Declaration 1999 where the EU and Latin America reiterated the interest in solid partnership "based upon shared values inherited from a common history."¹⁴⁵ These values can be questioned generally in their universal validity¹⁴⁶ and also due to cultural affinity which vary from country to country in Latin

¹⁴⁴ WEI, Yingqi Annie and V.N. BALASUBRAMANYAM. *Foreign direct investment: six country case studies*. Northampton, Mass.: Edward Elgar, c2004, New Horizons in International Business. pp. 179. ISBN 978-1843764670.

¹⁴⁵ DECLARATION OF RIO DE JANEIRO 1999. *DECLARATION OF RIO DE JANEIRO* [online]. Rio de Janeiro: EU-LAC, 1999 [cit. 2014-03-08]. Retrieved from:
http://www.eulacfoundation.org/sites/default/files/1999_EN_Rio_Decl.pdf

¹⁴⁶ The Treaty of Lisbon stipulates in Preamble that the value of EU are based on "the cultural, religious and humanist inheritance of Europe, from which have developed the universal values of the inviolable and inalienable rights of the human person, freedom, democracy, equality and the rule of law." See also Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:306:0001:0010:EN:PDF>

America.¹⁴⁷ The above said would leave us in the impression that the connection between economy and democracy is basically non-existent or it is limited to the indirect effects because “democracy is found to have a salient impact on economic growth by reducing political regime change and regularizing government change under a constitution.”¹⁴⁸

III.3. The Promotion of Democracy – pragmatic posture

The conclusions of the previous chapter calls to consider the promotion of democratic values by the EU and the US in Latin America. Robert B. Zoellick in 2000 for Foreign Affairs wrote: “If America links its economy to those of key regions, it can also promote its geopolitical agenda. Deeper integration with Latin America, Europe, and East Asia will support U.S. security commitments as citizens of these regions recognize their common interests. At best, economic interdependence will be a new glue that draws partners close together.”¹⁴⁹ The vision of strengthening the capacity of the inter-regional trade proposed by Zoellick was actually closer to realism than idealism. It hasn't been focused on the promotion of democratic values of the US abroad, but instead it preferred geopolitical and economic interests of the US. This approach

¹⁴⁷ SÁNCHEZ-ALONSO, Blanca: Labor and Immigration. BULMER-THOMAS, V., John H. COATSWORTH and Roberto CORTÉS-CONDE. *The Cambridge economic history of Latin America: 2 v.* New York, NY: Cambridge University Press, 2006, pp. 418. Cambridge Economic History of Latin America. ISBN 97805218129002.

¹⁴⁸ FENG, Yi. *Democracy, governance, and economic performance: theory and evidence.* Cambridge, Mass.: MIT Press, c2003, pp. 109. ISBN 978-0262062350.

¹⁴⁹ ROBERT B., ZOELLICK. Campaign 2000: A Republican Foreign Policy. *Foreign Affairs.* the Council on Foreign Relations, 2000, roč. 2000, Volume 79, pp. 72. Retrieved from: <http://www.foreignaffairs.com/articles/55632/robert-b-zoellick/campaign-2000-a-republican-foreign-policy>

not only indicates the difference between the rhetoric proclamations and the real interests but it also explains why "U.S. actions, whatever their intentions, did not significantly contribute to the formation of durable democratic institutions in Latin America."¹⁵⁰ Analogically, bi-regional negotiations between the EU and MERCOSUR should therefore not be seen exclusively as the promotion of the European values and democracy, but as well as the projection of geopolitical interests. For the EU it would be the promotion of regionalism because "if the Mercosur develops successfully along the EU model of supranational integration this helps the promotion of the EU model worldwide."¹⁵¹ The same model the EU used for the African Union and even for regions which weren't formal regional blocs.¹⁵² Ravenhill is even of the opinion that member states of the EU projected their post-colonial interests to former colonies through these arrangements because "the grouping remained defined primarily by geography and history rather than by level of development."¹⁵³

The above points offer the reflection on the EU's foreign policy

¹⁵⁰ COHN, Elizabeth and Michael J. NOJEIM: Promoting Democracy. DENT, David W. (ed.). *U.S.-Latin American policymaking: a reference handbook*. Greenwood Press, 1995, pp. 459. ISBN 03-132-7951-9.

¹⁵¹ HOLDEN, Patrick. *In search of structural power: EU aid policy as a global political instrument*. Burlington, VT: Ashgate, 2009, xviii, pp. 165. ISBN 07-546-7333-2.

¹⁵² FARELL, Mary: From EU Model to External Policy? Promoting Regional Integration in the Rest of the World. MEUNIER, Sophie and Kathleen R. MCNAMARA (eds.). *Making history: European integration and institutional change at fifty*. New York, 2007, pp. 301. ISBN 978-019-9218-684.

¹⁵³ RAVENHILL, John. Back to the Nest? Europe's Relations with the African, Caribbean and Pacific Group of Countries: Working Paper PEIF-9. *Back to the Nest - PEIF-9* [online]. Edinburgh: University of Edinburgh, 2002, December 1, 2002 [cit. 2014-03-08]. Retrieved from: http://ies.berkeley.edu/pubs/workingpapers/PEIF-9-Back_to_the_Nest.pdf

towards Latin America.¹⁵⁴ The history of European common foreign policy (CFSP) is shorter and quite different than what we observe in the United States. A crucial milestone for the EU foreign policy was Maastricht Treaty in 1993 when the Common Foreign and Security Policy of the European Union was established. The previous mostly informal mechanisms European Political Co-operation (EPC) proved to be ineffective especially during crisis like the war in former Yugoslavia.¹⁵⁵ The second pillar encompassed foreign policy and security policy. The Amsterdam Treaty contributed to the creation of the office of High Representative for the Common Foreign and Security Policy in 1999 where was stipulated in Article 18: “The Presidency shall be assisted by the Secretary-General of the Council who shall exercise the function of High Representative for the common foreign and security policy.” The member states in the Amsterdam Treaty confirmed their interest in a broader coordination on the EU foreign policy but they also wanted to keep control. However Javier Solana unsatisfied with assistance and representative roles and later encouraged by success in the Balkan created a stronger position.¹⁵⁶ Based on the Treaty of Lisbon¹⁵⁷ which entered in

¹⁵⁴ This dissertation consider exclusively institutional framework between the EU (or before the Treaty of Lisbon the European Community) and Latin America. Due to this reason there arent mostly taken into account bilateral relations of European states/the EU Member States in spite of that they influenced negotiations and relations between both regions.

¹⁵⁵ KINTIS, Andreas G.: Between Ambition and Paralysis: The European Union's Common Foreign and Security Policy and the War in the Former Yugoslavia. HODGE, Carl Cavanagh (ed.). *Redefining European security*. New York: Garland, 1999, pp. 286. Garland reference library of social science. ISBN 978-0815327929.

¹⁵⁶ BRETHERTON, Charlotte and John VOGLER. *The European Union as a global actor*. 2nd ed. New York: Routledge, 2006, pp. 165. ISBN 978-0415282451.

¹⁵⁷ The European Union. Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at

force at the end 2009 were all relative institutions transformed or merged into the European External Action Service in 2010 which was headed by the High Representative of the Union for Foreign Affairs and Security Policy.¹⁵⁸

The year 2010 was important for the EU because of the new institutional/community framework based on the Treaty of Lisbon and with regards to EU-Latin America relations the importance of this year was highlighted as Spain assumed the rotating presidency of the EU. Presidency commitments for Spain were from the very beginning huge challenges with a significant impact on ambitions in the EU foreign policy.¹⁵⁹ The EU community framework was still in the progress after what would be called 'political uncertainty' as Ireland and Czech Republic needed more time to accept the Treaty of Lisbon (in reality amendments to the Maastricht Treaty and the Treaty of Rome).¹⁶⁰ In spite of these challenges was Spain capable to

Lisbon, 13 December 2007. In: *Official Journal C 306*. Brussel: Council of the European Union, 2007. Retrieved from: <http://eur-lex.europa.eu/en/treaties/dat/12007L/htm/12007L.html>. The Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community were consolidated when the Treaty of Lisbon came into force. The latest consolidated versions published.

¹⁵⁸ As this dissertation isn't about the European External Action Service in terms of history, institutional work-flow or function thus would be recommend the website of the European External Action Service which provides all necessary basic information. See also: THE EUROPEAN UNION. *European External Action Service* [online]. Brussel, 2014 [cit. 2014-03-08]. Retrieved from: http://www.eeas.europa.eu/background/docs/index_en.htm

¹⁵⁹ MORILLAS, Pol. Institutionalization or Intergovernmental Decision-Taking in Foreign Policy: The Implementation of the Lisbon Treaty. CARDWELL, Paul James (ed.). *EU external relations law and policy in the post-Lisbon era*. New York: Springer, c2012, pp. 125. ISBN 978-9067048224.

¹⁶⁰ In case of Ireland was required to organize a national referendum due to its Constitution in order to ratify the Treaty of Lisbon.

hold the VI EU-LAC Summit of Heads of State and Government took place in Madrid on 18 May 2010 including a series of bilateral mini-Summits with specific LAC countries and sub-regions: EU - Andean Community (CAN) Summit, EU - Central America Summit, EU - CARIFORUM Summit, EU-Chile Summit, EU-Mexico Summit and EU-Mercosur Summit.¹⁶¹ Madrid declaration indicated that democracy wasn't the issue between the EU and Latin America – on eleven pages it was mentioned only once where both sides jointly addressed global challenges.¹⁶² In 2008 Lima Declaration¹⁶³ mentioned “democracy” or “democratic” six times and in Vienna Declaration from 2006 it was mentioned seven times.¹⁶⁴ Elena Fierro argued that “the EU political interest in non-European

¹⁶¹ Madrid Summit 2010. *EEAS (European External Action Service): The EU's relations with Latin America* [online]. Brussel: The European Union, 2010 [cit. 2014-03-08]. Retrieved from:

http://www.eeas.europa.eu/la/previous_summits/madrid_2010_summit/index_en.htm

¹⁶² VI EUROPEAN UNION – LATIN AMERICA AND CARIBBEAN SUMMIT Madrid, 18 May 2010 MADRID DECLARATION: "Towards a new stage in the bi-regional partnership : innovation and technology for sustainable development and social inclusion". *COUNCIL OF THE EUROPEAN UNION* [online]. Brussels: COUNCIL OF THE EUROPEAN UNION, 2010, 15 November 2010 [cit. 2014-03-08]. 9931/2/10 REV 2 PRESSE 131. Retrieved from:

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/enr/114535.pdf

¹⁶³ V LATIN AMERICA AND CARIBBEAN-EUROPEAN UNION SUMMIT Lima, May 16, 2008: LIMA DECLARATION. THE EUROPEAN UNION. *V Latin America and Caribbean-European Union Summit Lima May 2008* [online]. Lima: EU-LAC, 2008, May 16, 2008 [cit. 2014-03-08]. Retrieved from: http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/eurosocial/documents/declaration_lima_en.pdf

¹⁶⁴ IV EU-LAC SUMMIT: DECLARATION OF VIENNA. THE EUROPEAN UNION. *STRENGTHENING THE BI-REGIONAL STRATEGIC ASSOCIATION* [online]. Vienna, 2006, 12 May 2006 [cit. 2014-03-08]. Retrieved from: <http://ec.europa.eu/europeaid/where/latin-america/regional->

countries is minor [...]. The tendency to bypass human rights and democratic principles is also a characteristic."¹⁶⁵ The EU-Latin America dialogue on democracy was systematically focused only on Cuba but even in the first Country Strategy Paper/National Indicative Programme for Cuba is briefly mentioned that "the human rights situation, in particular that of political prisoners and restrictions to freedom of expression, remain a priority for the EU."¹⁶⁶ We agree with the opinion that in the framework of the EU were the resources for promotion democracy largely determined on the basis of previous colonial ties.¹⁶⁷ This scheme indicates that Spain significantly profiled topics of the EU foreign policy towards Latin America. We therefore have to take into account that Spain, with its ties and a deep interest in the region, did not consider promotion of democracy as the priority.¹⁶⁸ However it would have been caused by the late post-transition period in post-Franco Spain which was concluded during the administration of Zapatero.¹⁶⁹

cooperation/eurosocial/documents/declaration_vienna_en.pdf

¹⁶⁵ FIERRO, Elena. *The EU's approach to human rights conditionality in practice*. New York: M. Nijhoff, 2003, pp. 378. ISBN 90-411-1936-1.

¹⁶⁶ Republic of Cuba - European Union: Country Strategy Paper and National Indicative Programme for the period 2011-2013. EUROPEAN UNION. *Programming Guide for Country Strategy Papers* [online]. Brussels: European Union, 2010, 24 March 2010 [cit. 2014-03-08]. Retrieved from: http://ec.europa.eu/development/icenter/repository/scanned_cu_csp10_en.pdf

¹⁶⁷ SCHIMMELFENNING, Frank: A Comparison of the Rule of Law Promotion Policies of Major Western Powers. ZURN, Michael, Andre NOLLKAEMPER and Randy PEERENBOOM (eds.). *Rule of Law Dynamics: In an Era of International and Transnational Governance*. New York: Cambridge University Press, 2014, pp. 129. ISBN 978-1107666153.

¹⁶⁸ GRATIUS, Susanne. *EU Democracy Promotion in Latin America: More a Tradition than a Policy*. (2011) 16 European Foreign Affairs Review, Issue 5, pp. 689–703. ISSN: 1384-6299, ID: EERR2011046.

¹⁶⁹ ENCARNACIÓN, Omar Guillermo. *Spanish politics: democracy after*

III.4. Economic interests and human rights - Directive 2009/52/EC

The definition of human rights would be even more challenging than the definition of democracy. The dispute between Latin American countries and the EU about 'DIRECTIVE 2009/52/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals' indicated how views on the human rights can vary as stipulated “de acuerdo al Derecho Internacional de Derechos Humanos, los países deben respetar y garantizar los derechos humanos de todas las personas bajo su jurisdicción, sin discriminación de ningún tipo.”¹⁷⁰ Social cohesion, reduction of poverty, inequalities and exclusion was defined by the European Commission as one of three priorities in Regional Programming Document for years 2007-2013 (E/2007/1417).¹⁷¹ This issue is obviously connected with Millennium Development Goals¹⁷² and the document refers to

dictatorship. Malden, MA: Polity, 2008, pp. 151-157. ISBN 978-074-5639-932.

¹⁷⁰ Resolución 03/08: Derechos Humanos de Los Migrantes, Estándares Internacionales y Directiva Europea Sobre retorno. ORGANIZACIÓN DE LOS ESTADOS AMERICANOS. *Resolución 03/08: Derechos Humanos de Los Migrantes, Estándares Internacionales y Directiva Europea Sobre retorno* [online]. Comisión Interamericana de Derechos Humanos, 2008 [cit. 2014-03-08]. Retrieved from:

<https://www.cidh.oas.org/Resoluciones/Resolucion.03.08.ESpp.pdf>

¹⁷¹ LATIN AMERICA: REGIONAL PROGRAMMING DOCUMENT 2007-2013. EUROPEAN COMMISSION. *Latin America: E/2007/1417* [online]. Brussels: EUROPEAN COMMISSION, 2007, 12.07.2007 [cit. 2014-03-08]. Retrieved from: http://eeas.europa.eu/la/rsp/07_13_en.pdf

¹⁷² The Millennium Development Goals: Eight Goals for 2015. UNITED NATIONS. *The Millennium Development Goals: UNDP* [online]. United Nations Development Programme, 2014, © 2014 United Nations Development Programme [cit. 2014-03-08]. Retrieved from: <http://www.undpp.org/content/undp/en/home/mdgoverview/>

MDG in the context of international framework. On both sides there were many mutual understandings on this topic. However Latin America countries and the EU talked about migration issues differently. The EU understood that “support third countries in ensuring better management of migratory flows in all their dimensions.”¹⁷³ One of these dimensions was the EU position on the mitigation of illegal migration which was transformed to Directive 2009/52/EC.¹⁷⁴ The mentioned directive among others included Criminal Penalties under the Article 10 which was the cornerstone for following disputes.

The EU steps have had a negative response in Latin America countries leading to the Mercosur declaration refusing Directive 2009/52/EC: “Los Presidentes de los Estados Parte del MERCOSUR y Estados Asociados, reunidos en ocasión de la Cumbre de San Miguel de Tucumán, expresan su rechazo a la aprobación por parte de la Unión Europea de la llamada Directiva de 'Retorno'.”¹⁷⁵ Harmonized position was reiterated

¹⁷³ 2011 - 2013 Multi - Annual Strategy Paper. THE EUROPEAN COMMISSION. *Thematic Programme: "Cooperation with Third Countries in the areas of Migration and Asylum"* [online]. Brussels, 2010 [cit. 2014-03-08]. Retrieved from: http://ec.europa.eu/europeaid/what/migration-asylum/documents/strategy_2011-2013_en.pdf

¹⁷⁴ DIRECTIVE 2009/52/EC. *DIRECTIVES DIRECTIVE 2009/52/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2009: providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals* [online]. Official Journal of the European Union. Brussels: The European Union, 2009, 30.6. 2009 [cit. 2014-03-08]. Retrieved from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:168:0024:0032:EN:PDF>

¹⁷⁵ DECLARACIÓN SOBRE LA “DIRECTIVA DE RETORNO”. *DECLARACIÓN DE LOS PRESIDENTES DE LOS ESTADOS PARTE DEL MERCOSUR Y ESTADOS ASOCIADOS SOBRE LA “DIRECTIVA DE RETORNO”* [online]. San Miguel de Tucumán: MERCOSUR, 2008, 1 de julio de 2008. [cit. 2014-03-08]. Retrieved from:

by CAN/UNASUR during VIII. South American Conference on Migration where was declared: "Enfatizar la importancia de que los países desarrollados adopten políticas necesarias para evitar que las asimetrías económicas internacionales, los multimillonarios subsidios que distorsionan la competitividad, la flata de apertura de sus mercados a los productos de los países en desarrollo profundicen las causas de las migraciones, esto es la pobreza estructural, la exclusión social y la desigualdad de oportunidades."¹⁷⁶ The situation culminated when Organization of American States through The Secretary General of the Organization of American States (OAS), José Miguel Insulza declared: "Es una paradoja —agregó— que mientras se negocian acuerdos importantes en materia comercial y se habla de alianzas estratégicas, se adoptan de manera unilateral medidas como la internación prolongada, que tratan como delincuentes a los inmigrantes ilegales, sin siquiera discutir ni negociar el tema con los gobiernos latinoamericanos."¹⁷⁷ Council of the European Union reflected a situation - looking for an appropriate tool to ease emotions with no promises. This effort transformed to the activity called Structured

www.mercosur.int/innovaportal/file/4506/1/cmc_2008_acta01_declaracion_es_directivaretorno.doc

¹⁷⁶ DECLARACIÓN DE MONTEVIDEO SOBRE MIGRACIÓN, DESAROLLO Y DERECHOS HUMANOS DE LAS PERSONAS MIGRANTES. *VIII CONFERENCIA SUDAMERICANA SOBRE MIGRACIONES: Montevideo, Uruguay - 17 al 19 setiembre de 2008* [online]. Montevideo: Comunidad Andina, 2008 [cit. 2014-03-09]. Retrieved from: http://www.comunidadandina.org/documentos/dec_int/sudamerica_migraciones.pdf

¹⁷⁷ INSULZA RECHAZA MEDIDAS EUROPEAS CONTRA LOS INMIGRANTES: C-243/08. ORGANIZACIÓN DE LOS ESTADOS AMERICANOS. *Comunicados de Prensa* [online]. Organización de los Estados Americanos, 2008, 19 de junio de 2008 [cit. 2014-03-09]. Retrieved from: http://www.oas.org/es/centro_noticias/comunicado_prensa.asp?sCodigo=C-243/08

Dialogue on Migration in the mid of 2009.¹⁷⁸

The real interest of Latin American countries behind a negative rejection of decisive steps of the EU on migration issues was probably more driven by economical and internal political interests than by a protection of human rights and dignity - the migration issue has been also internal problem for MERCOSUR.¹⁷⁹ It has been observed by Multilateral Investment Fund (member of Inter-American Development Bank) that 2011 “was a year of renewed growth after the 2008-2010 period, despite persistent economic uncertainty in Europe.”¹⁸⁰ Furthermore “remittance flows maintain a significant importance in macroeconomic terms for many countries in the region. In approximately half of the countries in LAC, remittance flows represent more than 5% of GDP.”¹⁸¹ This number doesn't represent only GDP but it also shows how remittances are crucial for thousands of recipient families even

¹⁷⁸ EU-LAC Dialogue. *Launch of the EU-LAC Structured Dialogue on Migration: 11577/09 (Presse 201)* [online]. Brussels: COUNCIL OF THE EUROPEAN UNION, 2009, 30 June 2009 [cit. 2014-03-09]. Retrieved from:
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/misc/108821.pdf

¹⁷⁹ Treatment of Migratory Matters at the Meeting of Interior Ministers of the MERCOSUR and Associated States. *Tematica Migratoria* [online]. MERCOSUR, 2007 [cit. 2014-03-09]. Retrieved from:
http://www.mercosur.int/msweb/SM/Noticias/Actas%20Estructura/DEPENDIENTES%20DEL%20CMC/Reuni%C3%B3n%20Ministros/RMI/Plenario/2007_ACTA01/RMI_2007_ACTA01_ANE05_IN_TematicaMigratoria.pdf

¹⁸⁰ REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN IN 2011: Regaining GROWTH. In: [online]. Washington: FOMIN - MULTILATERAL INVESTMENT FUND, member of the IDB group, 2012 [cit. 2014-03-09]. pp. 24. Retrieved from:
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36723460>

¹⁸¹ Ibid., pp. 22

in countries with higher GDP as Chile, Colombia or Brazil.¹⁸²

A political challenge for the immigration from Latin America to the EU laid especially in Spain which resolutely entered into the integration process within the EU framework in 1986. As mentioned Joseph Borell, former President of the European Parliament 2004-2007, in the publication ‘20 Years of Spain in the European Union (1986-2006)’ that “Spain has also brought to the EU its Mediterranean and Latin American dimension, and the special cultural, economic and political relations it has with other nations around the world.”¹⁸³ In the same publication José Manuel Barroso, President of the European Commission openly admits that Spain is “a country whose per capita income has risen from 70% to 90% of the Community average in 20 years, and that has transformed from a land of emigration into a land of immigration, with the highest level of net immigration per capita in the European Union.”¹⁸⁴ Statistics of Eurostat clearly shows that Spain was one of five most preferred EU Member States by foreigners.¹⁸⁵ Data from

¹⁸² OROZCO, Manuel. Migration and remittances in times of recession: Effects on Latin American economies. In: *Economic Downturn and Effects on Migration Remittances* [online]. OECD, 2009, April 2009 [cit. 2014-03-09]. Inter - American Dialogue. pp. 11. Retrieved from: <http://www.oecd.org/dev/americas/42753222.pdf>

¹⁸³ PIEDRAFITA, Sonia, Federico STEINBERG and José IGNACIO TORREBLANCA (eds.). 20 Years of Spain in the European Union (1986-2006). In: [online]. Madrid: Elcano Royal Institute, 2006 [cit. 2014-03-09]. Elcano Royal Institute Books. pp. 6. ISBN 84-689-7384-X. Retrieved from: <http://www.realinstitutoelcano.org/wps/wcm/connect/3cc45b804f0189cb92cef63170baead1/20%20years%20of%20Spain.pdf?MOD=AJPERES>

¹⁸⁴ Ibid., pp. 8

¹⁸⁵ VASILEVA, Katia. Population and social conditions: 6.5% of the EU population are foreigners and 9.4% are born abroad. In: *Statistics in focus: 34/2011* [online]. European Union: Eurostat, 2007 [cit. 2014-03-09]. pp. 1. ISSN 1977-0316. Retrieved from: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-11-

The National Immigrant Survey of Spain by immigrants by date of arrival and origin point out that immigrants from Latin America countries preferred Spain even before the entry of country to the EU however not so immigrants from Andean countries (Peru, Bolivia, Ecuador, Colombia).¹⁸⁶ The latter intensified arrivals to Spain from 1997 to 2007 in 89,7% can be compared to 6,7% from 1986 to 1996 (two decades as 100%, d.n. 1,6%, before 1986 2%). Their contribution to immigration to Spain was more intense in the second decade (1997-2007) at the time when Spain economically rose due to the EU membership and needed more labor force to raise its productivity. Based on OECD study is interesting observation that “workers’ whose native language is not Spanish contribute less to productivity.”¹⁸⁷ It would indicate that migrants from Latin America due to their linguistic advantage would have been employed on the working positions requiring higher skills than migrants from North Africa.

We would conclude that interest on both sides of this dispute was driven by international and domestic political interests but also by the protection of economic interests “since human rights are also a global project, they can be used to shape

034/EN/KS-SF-11-034-EN.PDF

¹⁸⁶ REHER, David a Miguel REQUENA. The National Immigrant Survey of Spain. A new data source for migration studies in Europe. *Demographic Research* [online]. 2009, vol. 20, [cit. 2014-03-09]. pp. 264. DOI: 10.4054/DemRes.2009.20.12. Retrieved from: <http://www.demographic-research.org/volumes/vol20/12/>

¹⁸⁷ MORA-SANGUINETTI, Juan S. a Andrés FUENTES. AN ANALYSIS OF PRODUCTIVITY PERFORMANCE IN SPAIN BEFORE AND DURING THE CRISIS: EXPLORING THE ROLE OF INSTITUTIONS. *ECO/WKP(2012)50* [online]. 2012, ECONOMICS DEPARTMENT WORKING PAPER No. 973, 21 June 2012, pp. 10. [cit. 2014-03-09]. Retrieved from: <http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=ECO/WKP%282012%2950&docLanguage=En>

economic globalization.”¹⁸⁸ The EU was focused on the protection of the Schengen Area including social system and internal labor market. Latin America countries perceived that Directive 2009/52/EC was in nature mostly economic issue when “they stated that industrialized countries should adopt policies to prevent the economic asymmetries, or differentials in inefficiency, that fuel emigration from the South.”¹⁸⁹ The Latin American country with the highest contribution of remittances has been Mexico which in 2009 received through this channel \$US 22,075,734,995.¹⁹⁰ This income compared to GDP in 2009 of \$US 895,354,565,567¹⁹¹ made the contribution to GDP around 2,46%. Mexican remittances were of the US origin but remittances from the EU shouldn't be underestimated because for the example “Ecuadorian immigrants in Spain transferred \$US120.4 million through Banco Solidario in the three years [...]”¹⁹² Fajnzylber and López also argued that “for many South Americans, Europe continues to be a major destination.”¹⁹³ Latin America on a

¹⁸⁸ BENEDEK, Wolfgang, K FEYTER a Fabrizio MARRELLA (eds.).

Economic globalisation and human rights. New York: Cambridge University Press, 2007, pp. 5. ISBN 05-218-7886-1.

¹⁸⁹ DOMÍNGUEZ, Silvia. *Getting ahead: social mobility, public housing, and immigrant networks*. Reprint edition (December 1, 2013). S.l.: New York University Press, 2014, pp. 223. ISBN 978-081-4720-783.

¹⁹⁰ Personal remittances, received (current US\$US). *Remittances: Data - Table* [online]. World Bank, © 2014 The World Bank Group [cit. 2014-03-09]. Retrieved from:

<http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT>

¹⁹¹ GDP (current US\$US). *Remittances: Data - Table* [online]. World Bank, © 2014 The World Bank Group [cit. 2014-03-09]. Retrieved from: <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

¹⁹² DERHAM, Michael Thomas. Every Dollar Counts. *Latin Finance, Issue 173*. 2005, December 2005, s. 34-36.

¹⁹³ FAJNZYLBBER, Pablo: The developmnet impact of remittances in Latin America. FAJNZYLBBER, Pablo a J. Humberto LOPEZ. *Remittances and development: lessons from Latin America*. Washington, D.C.: World Bank, c2008, Latin American development forum. pp. 5. ISBN 08-213-

per-capita basis should be considered as the major receiver of remittances among regions.¹⁹⁴ The issue of remittances was later mentioned in Madrid Action Plan 2010-2012 (EU-LAC Summit in May 2010): “Develop measures to make the transfer of remittances cheaper, safer, more transparent and more conducive to development, while fully respecting their private nature.”¹⁹⁵ The EU's human rights policy would have been generally characterized as inconsistent – especially when political or commercial interests prevailed.¹⁹⁶ The case of Directive 2009/52/EC served to our analyses as a demonstrative example to support such argument. The Directive itself was meant as general norm which wasn't specifically focused on Latin American countries.

III.5. Strong Germany or strong Europe?

European debt crisis not only brought a reflection on a current state of euro-zone but also supported opinions of those ones who indicated that the EU itself has been suffering from regional disparities not limited to north-south division or core-periphery division.¹⁹⁷ It also made clear that a traditional

6871-0.

¹⁹⁴ ACOSTA, Pablo: How important are remittances in Latin America?. Ibid., pp. 25.

¹⁹⁵ EU-LAC SUMMIT, Madrid, 18 May 2010: Press Release. “*Towards a new stage in the bi-regional partnership: innovation and technology for sustainable development and social inclusion*”: *MADRID ACTION PLAN 2010-2012* [online]. Brussels: European Council, 2010, 26/07/2010 10:37 [cit. 2014-03-09]. Retrieved from: http://europa.eu/rapid/press-release_PRES-10-150_en.htm

¹⁹⁶ SMITH, Karen E.: The EU, Human Rights and Relations with Third Countries: ‘Foreign Policy’ with an Ethical Dimension?. SMITH, Karen Elizabeth a Margot LIGHT. *Ethics and foreign policy*. New York: Cambridge University Press, 2001, LSE Monographs in International Studies. pp. 196-197. ISBN 05-210-0930-8.

¹⁹⁷ VURAL, Ipek Eren. *Converging Europe: transformation of social policy in the enlarged European Union and in Turkey*. Burlington, VT: Ashgate, 2011, pp. 87. ISBN 978-1409407096.

tandem France and Germany due to disagreements on Euro debt crisis has been weakened.¹⁹⁸ Germany under its chancellor Angela Merkel was moving to informal leadership of the EU. Even President of the European Commission, José Manuel Durão Barroso, in his statement admitted "that without those reforms, structural reforms, fiscal consolidation we will not be able to come back to economic and social progress. Nowhere is this better understood than in Germany. With its ambitious structural reforms, enacted early, and its determination to maintain sound public finances Germany has shown the way in many areas. It has been rewarded with levels of competitiveness, growth and unemployment that are the envy of many other countries. Today, Germany has become an economic role model in Europe."¹⁹⁹ These circumstances had also impact on more coordinated foreign policy of the EU as "facing significant economic challenges, there may be little enthusiasm to develop CFSP."²⁰⁰ However the leaders of the EU including the office of High Representative for Foreign Affairs and Security Policy were probably intentionally from the very

¹⁹⁸ The Growing Franco-German Divide: Interviewee: Jacob Funk Kirkegaard, Senior Fellow, Peterson Institute for International Economics. *Council on Foreign Relations* [online]. © Copyright 2014, October 24, 2012 [cit. 2014-03-12]. Retrieved from: <http://www.cfr.org/world/growing-franco-german-divide/p29348>

¹⁹⁹ Statement by President Barroso following the meeting of German Chancellor Angela Merkel with the College of Commissioners. BARROSO, José Manuel Durão. *José Manuel Durão Barroso President of the European Commission Statement by President Barroso following the meeting of German Chancellor Angela Merkel with the College of Commissioners Press point Brussels, 5 October 2011: European Commission - SPEECH/11/637 05/10/2011* [online]. the European Union, 2011, 5 October 2011 [cit. 2014-03-12]. Retrieved from: http://europa.eu/rapid/press-release_SPEECH-11-637_pt.htm?locale=en

²⁰⁰ MISKIMMON, Alister: Foreign and Security Policy in Austerity Europe. BENEDETTO, Giacomo a Simona MILIO. *European Union budget reform: institutions, policy and economic crisis*. New York: Palgrave Macmillan, 2012, pp. 157. ISBN 11-370-0497-5.

beginning "relatively weak and unknown figures - presumably not to have anyone who would be too far above the French President and the German chancellor."²⁰¹ In practice it meant that a harmonization of the EU foreign policy was finalized, settled or initiated during the Informal Meeting of Ministers for Foreign Affairs (also known as Gymnich) after meetings of working groups and the role of Catherine Ashton was mostly representative or she served as the interlocutor. The Treaty of Lisbon created the more powerful European Parliament which projected its power among others to influence organizational structure and functioning of the EEAS.²⁰²

Looking back to the history we can observe that Germany was often perceived by the US as a challenging competitor. Percy W. Bidwell wrote in *Foreign Affairs* in the year 1939: "But when Germany with her new barter deals and compensation agreements makes sudden inroads into the Latin American market, that is a horse of another color. Our trade interests are much larger in that area. Besides, the traditional interpretation given to the Monroe Doctrine makes it difficult to divorce economic from political considerations."²⁰³ The last

²⁰¹ JOVANOVIĆ, Miroslav N. *The Economics of European Integration*. Second Edition. Northampton: Edward Elgar Pub, 2013, pp. 79. ISBN 978-0857933973.

²⁰² See also: BROK, Elmar and Roberto GUALTIERI. DRAFT REPORT: with a proposal for a European Parliament recommendation to the High Representative of the Union for Foreign Affairs and Security Policy and Vice President of the European Commission, to the Council and to the Commission on the 2013 review of the organisation and the functioning of the EEAS (2012/2253(INI)). In: [online]. Brussels: EUROPEAN PARLIAMENT - Committee on Foreign Affairs, 2013, 25.3.2013 [cit. 2014-03-14]. Retrieved from: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2F%2FEP%2F%2FNONSGML%2BCOMPARL%2BPE-504.043%2B03%2BDOC%2BPDF%2BVo%2F%2FEN>

²⁰³ BIDWELL, Percy W. Latin America, Germany and the Hull Program.

words actually would remind the opinion of Carr who seemed political and economic interests as inseparable.²⁰⁴ It is also an interesting idea that at the end of 19th century "the United States could finally foresee a time when it would be able to enforce the Monroe Doctrine. However, Kaiser Wilhelm's Germany, propelled by Weltpolitik, could challenge the United States for the prize. No other country posed a threat [...]"²⁰⁵ Both these short historical insights indicate that the US's worries about Germany were more myths than reliable visions. However Germany without Wilhelm's Weltpolitik and geographically smaller than in 1939 was with no doubt one of the major engine which kept the EU trade in relation to Latin America on top positions even after internal crisis of Euro-zone since late 2009 - however not so FDI statistics as would be expected.

Generally Latin America was for Germany before 2009 one of the most attractive trading partner. During 2005 and 2009 the growth of Germany's trade with Latin American countries was 16,32% but overall trade growth was 4,74%.²⁰⁶ It means that

Foreign Affairs [online]. Council on Foreign Relations, 1939, January [cit. 2014-03-14]. Retrieved from:

<http://www.foreignaffairs.com/articles/69874/percy-w-bidwell/latin-america-germany-and-the-hull-program>

²⁰⁴ KAUFMAN, Robert G.: E.H. Carr, Winston Churchill, Reinhold Niebuhr, and Us: The case for Principled, Prudential, Democratic Realism. FRANKEL, Benjamin. *Roots of realism*. Portland, Or.: Frank Cass, 1996, Cass Series on Security Studies. pp. 319. ISBN 07-146-4203-7.

²⁰⁵ MITCHELL, Nancy. *The danger of dreams: German and American imperialism in Latin America*. Chapel Hill: University of North Carolina Press, c1999, pp. 35. ISBN 08-078-4775-5.

²⁰⁶ *Germany, Latin America and the Caribbean: A Strategy Paper by the German Government* [online]. Berlin: Federal Foreign office division 607 – Public Relations (Germany), © 2010, pp. 36. [cit. 2014-03-14]. Retrieved from: <https://www.auswaertiges-amt.de/cae/servlet/contentblob/382812/publicationFile/110589/LAK-Konzept-EN.pdf>

mutual trade between Latin America and Germany grew almost three and half times more than with the rest of the world. This tendency hasn't slowdown after 2009 and with Brazil was even more convincing: "Seit 2008 sind die deutschen Ausfuhren nach Brasilien um 35,1 % gestiegen, die Einfuhren von dort um 12,0 %."²⁰⁷

Germany itself wasn't lack of self-confidence. Focused on social and cultural bond in order to further support economical bonds between Germany and Brazil stated Federal Foreign Office of Germany in a recognition of the regional leader that "Die historisch starke deutsche Einwanderung nach Brasilien wirkt sich positiv auf die Zusammenarbeit aus. [...] Brasilien ist Deutschlands wichtigster Handelspartner in Lateinamerika."²⁰⁸ Statistics provided by the European Commission for export value²⁰⁹ from Germany to Brazil (Table

²⁰⁷ Translated: "Since 2008, German exports to Brazil have increased by 35.1% and imports from Brazil by 12.0%." - Außenhandel mit Brasilien: Pressemitteilung vom 7. Oktober 2013 – 332 /13. *Statistisches Bundesamt* [online]. Wiesbaden: DESTATIS, 2013, October 7, 2013 [cit. 2014-03-14]. Retrieved from:

https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2013/10/PD13_332_51pdf.pdf?__blob=publicationFile

²⁰⁸ Translated: "The historically strong German immigration to Brazil has a positive effect on cooperation. [...] Brazil is Germany's most important trading partner in Latin America." - Beziehungen zwischen Brasilien und Deutschland. [online]. Berlin: Auswärtiges Amt, © 1995-2014, February 2014 [cit. 2014-03-14]. Retrieved from: http://www.auswaertiges-amt.de/sid_6A6382D56A259613D9685118AF182208/DE/Aussenpolitik/Laender/Laenderinfos/Brasilien/Bilateral_node.html#doc335300bodyText2

²⁰⁹ Statistics: Germany-Brazil 2012, 2011, 2010. *Market Access database: Statistics* [online]. Brussels: European Commission, 2013, 28 May 2013 [cit. 2014-03-14]. Retrieved from: http://madb.europa.eu/madb/statistical.htm?from=form&format=o&ahscode1=000&cb_reporters=0004&cb_partners=0508&list_years=2012&list_years=2011&list_years=2010&cb_measures=iv&cb_measures=ev&submit=Search

3) shows that during 2010-2012 Germany was rising its export on average about 600.000 (1000 EURO) annually with Export Value 11.612.530,240 (1000 EURO) in 2012. These figures would impose an impression that Germany has maintained among the member states of EU27 a special market position with Brazil. However other important player as France (Table 4) was also capable to keep rising Export Values on average about 600.000 (1000 EURO) annually during 2010-2012 in spite of that figures were overall much lower compare to Germany (around 2.5 times).

Between 2009-2012 GNI per capita were in Latin America & Caribbean countries annually rising about \$US 2176 on all income levels (Table 5). The most advancing GNI per capita in Latin America countries were Chile and Brazil. During 2009-2012 Chile raised GNI per capita about \$US 4380 and Brazil about \$US 3490. On the other hand GNI per capita of the EU was mostly stable with some minor fluctuating declination. In other words to the rising Export Value from Germany and France to Brazil during 2010-2012 contributed the economy performance of Brazil in terms of higher market capacity.

Also other economy indicator as FDI between 2009-2011 pointed out that Brazil has become highly attractive not only for exporters but as well for investors. Statistics of Banco Central do Brazil from 2010 and 2011²¹⁰ shows that inward FDI stock came mostly from the US, Spain, Belgium, United Kingdom, France, Japan and Germany. During 2009-2011 was

²¹⁰ Censo de Capitais Estrangeiros no País - Anos base: 2010 e 2011: Resultados. [online]. Banco Central do Brasil [cit. 2014-03-14]. Retrieved from:
http://www.bcb.gov.br/Rex/CensoCE/port/resultados_censos_anos_base_2011_e_2010.asp?idpai=CENSOCE

the growth rate of FDI stocks from the extra EU²¹¹ to Brazil by 71% - not any other region except South Africa with 68,4% attracted such progressive growth rate but inward FDI from South Africa to the EU maintained low figures. FDI flow between the EU and Brazil rose especially in 2010 (Table 6). Even in total numbers Brazil maintained a very good position compare to much more developed Canada.

Werner Baer and Gustavo Borges Angel noted that in the 1990s Latin American countries attracted the interest of investors due to promising conditions.²¹² Opened economies supported by neo-liberal policies wouldn't be probably enough but South American countries were focus on improvement deteriorating infrastructure and efforts to bring advanced technologies. These steps encouraged decisions on privatizations. It should be underlined that intraregional integration efforts in South America have been attractive for multinational companies due to promises on more unified legislative environment and integrated infrastructure. Indeed, these expectations not

²¹¹ Extra-EU refers to transactions with all countries outside of the EU: the rest of the world except for the European Union (EU) as it is now, consisting of 27 Member States. The term is used in the context of external trade, balance of payments, foreign direct investment, migration, transport, tourism and similar statistical areas where goods, capital or people moving in and out of the EU are being measured and where the EU as a whole is considered in relationship to the rest of the world. Extra-EU transactions of the EU as a whole are the sum of the extra-EU transactions of the 27 Member States. - Glossary: Extra-EU. *Statistics Explained* [online]. Brussels: European Commission - Eurostat, 2013, 7 November 2013 [cit. 2014-03-14]. Retrieved from: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Glossary:Extra-EU

²¹² BAER, Werner and Gustavo Borges RANGEL: Foreign Investment in the Age of Globalization: The Case of Brazil. BAER, Werner a William R. MILES (eds.). *Foreign direct investment in Latin America: its changing nature at the turn of the century*. Binghamtom, NY: International Business Press, c2001, pp. 95-96. ISBN 07-890-1422-X.

always have been fulfilled due to many challenges but the environment still provided opportunities for expansion. Many companies from European countries based on these favorable conditions entered into the region. However Germany contrary to Spain or France in 1990s showed relatively low interest to FDI in Latin America. Many scholars were of the opinion that companies and capital from Germany have been attracted by opportunities offered by opening markets on East (East Germany, Central and East Europe region) which would be true if FDI percentage is considered: “Seit dem Zerfall des sozialistischen Blocks haben die deutschen Direktinvestitionen besonders im Osten Europas rapide zugenommen. Osteuropa ist somit als Entwicklungs- und Schwellenregion wichtigster Konkurrent für Direktinvestitionen deutscher mittelständischer Unternehmen in Lateinamerika [...].”²¹³ Between 1989-200 Latin America and Caribbean region attracted 327% of FDI from Germany compared to the same period with almost incredible 17.095%. These figures are necessary to be considered as growth. In total numbers were both regions almost equal – Latin America and Caribbean region attracted 25.814 mil EUR between 1989-2000 and during the same period East Europe attracted 26.498 mil. EURO (Table 14). On the other hand German's private investors have been almost no participating on privatizations in Brazil between 1991-2002 compared (investment in billions

²¹³ Translated: “Since the collapse of the Socialist Bloc, German's direct investment has increased rapidly especially in Eastern Europe. Eastern Europe is thus important as developing and emerging regional competitor for direct investment of German's medium-sized companies in Latin America [...].” - RÖSLER, Peter. Deutsche Direktinvestitionen in Lateinamerika. In: *Brennpunkt Lateinamerika* [online]. 30. September 2002 - Nummer 18. Hamburg: INSTITUT FÜR IBEROAMERIKA-KUNDE, 2002 [cit. 2014-03-23]. Nr. 18-02. pp. 179. ISSN 1437-6148. Retrieved from: http://www.inef.uni-duisburg.de/page/documents/dmessner/Deutsche_DI_in_LA.pdf

US\$/participation in %) to other European countries as Spain (12,68/14,9%), Portugal (4,88/5,7%), Italy (2,52/3,1%), Belgium (0,88/1,0%), Great Britain (0,72/0,8%), Netherlands²¹⁴ (0,42/0,5%), Sweden (0,6/0,7%) and Germany (0,08/0,1%).²¹⁵ In reality Germany would be considered almost statistically unimportant to Brazil's privatizations. It would indicate that German's companies preferred in Latin America trade exchange or investments to manufactures²¹⁶ and not for example utilities.

²¹⁴ In case of Netherlands and Belgium would be statistics influenced by Netherlands as a financial center and Belgium/Brussels as a place where are concentrated headquarters of many European Companies.

²¹⁵ Ibid., pp. 179.

²¹⁶ JUNGnickel, Rolf. German FDI in Latin America and Caribbean in the wake of the crisis. In: *HWWA-Report / HWWA-Hamburg* [online]. Hamburg: Hamburgisches Welt-Wirtschafts-Archiv, 2004 [cit. 2014-03-24]. HWWA-Report, 249. pp. 20-24. ISSN 0179-2253. Dostupné z: <http://ageconsearch.umn.edu/bitstream/26069/1/re040249.pdf>

IV. CHINA AND LATIN AMERICA

IV.1. Where is Europe and where is China?²¹⁷

In the year 1993 the Maastricht Treaty established three institutional pillars and defined rules for a single currency within Western Europe. A new institutional framework through political and market integration led to the euro currency which had consequently a global impact on the stock markets as "the common currency is affecting the stock market cycles on both sides of the Atlantic, demonstrating that the introduction of the euro has helped synchronize stock indexes and provide European investors with wider investing opportunities."²¹⁸ Also the United States were looking for a deeper regional integration – however limited just to market exchange and economy issues. It was occasionally criticized by some scholars as in case of Julián Castro Rea who wrote: "Though the reform of the Mexican economy and other institutions is clearly necessary, much of what would be required would involve strategies of social democratic reform that would often be perceived – often wrongly, if viewed as a longer term process – as against American interests."²¹⁹ After the Cold War the idea of economic security has been transformed to the

²¹⁷ The EU's bilateral trade and investment agreements – where are we?. *The EU's Free Trade Agreements: MEMO/13/ 1080* [online]. Brussels: EUROPEAN COMMISSION, 2013, 3 December 2013 [cit. 2014-03-09]. Retrieved from:
http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150129.pdf

²¹⁸ LORCA-SUSINO, María. *The euro in the 21st century: economic crisis and financial uproar*. Burlington, VT: Ashgate Pub., The International Political Economy of New Regionalisms. pp. 14. ISBN 978-1409404187.

²¹⁹ MORROW, Raymond A.: Critique of Mexico-US Relations: Beyond the Contemporary Impasse. CASTRO-REA, Julián (ed.). *Our North America: social and political issues beyond NAFTA*. Burlington, VT: Ashgate, c2012, The International Political Economy of New Regionalisms. pp. 246. ISBN 978-1409438731.

North American Free Trade Agreement (NAFTA) 1994²²⁰ which partially reflected the European integration efforts. For Washington it was a huge achievement as the great territory spanned between Arctic Ocean and Gulf of Mexico was linked together through trilateral trade of three states - Canada, United States and Mexico.

The EU itself was based on a regional integration, law consolidations and standardization. Many manifestations of its institutional will in terms of foreign policy point out that EU would like to contribute (and share in terms of own experience) a similar partnership. The EU's foreign trade policy was closer to pragmatism than idealism because “the European interest in deepening regional integration in the AC or MERCOSUR by furthering the liberalization of services of capitals is intended to favor EU investors in the event of conclusion of a free trade agreement.”²²¹ The EU emphasis on a regional integration however wasn't driven just by own institutional experience but also pragmatical interests playing principal roles during the whole process in order to achieve strong global position. Its not surprising that more homogeneous Europe caused concerns also in Latin America where the regional integration efforts “can be understood as examples of the second integrative response.”²²² However on

²²⁰ WEINTRAUB, Sidney, Alan M. RUGMAN and Gavin BOYD (eds.). *Free trade in the Americas: economic and political issues for governments and firms*. Northampton, Mass.: Edward Elgar, c2004, xii, 294 pp. New Horizons in International Business Series. pp. 102. ISBN 18-437-6667-1.

²²¹ RUIZ, José Briceño, PUNTIGLIANO, Andrés Rivalora: The European Union and the 'Making' of South American Regionalism. LOMBAERDE, Philippe de a nd Michael SCHULZ (eds.). *The EU and world regionalism: the makability of regions in the 21st century*. Burlington, VT: Ashgate; Har/Dig edition, c2009, The International Political Economy of New Regionalisms Serie. pp. 111. ISBN 07-546-9834-3.

²²² MATTLI, Walter. *The logic of regional integration*. New York: Cambridge University Press, 1999, pp. 16. ISBN 978-0521635363.

the other hand even two most dedicated states to the idea of European integration France and Germany questioned advantages of deeper trade integration because "in Germany, Economics Minister Erhard, favoring free trade over integration, was a strong an opponent as many others in the Federal Republic who were concerned with the prospect of deepening German division in the case of increased West European integration. In France, most officials as well as the public rejected the idea of a customs union, let alone a common market, as they still feared the strong German economy and global competition [...]." ²²³

Indeed, the post-Cold War effect had an impact on Latin America. On March 1991 came on the light the Treaty of Asuncion (Treaty Establishing a Common Market between the Argentina Republic, the Federal Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay). ²²⁴ This comprehensive and almost brief document provided a framework for a new institutional body so called MERCOSUR. During three years was created institutional basis with the amendment called Protocol of Preto (Additional Protocol to the Treaty of Asunción on the Institutional Structure of MERCOSUR) from 17 December 1994. ²²⁵ MERCOSUR's

²²³ GÖRTEMAKER, Manfred: The failure of EDC and European Integration. KÜHNHARDT, Ludger (ed.). *Crises in European integration*. Oxford: Berghahn Books, c2011, 167 s. New German historical perspectives. pp. 43. ISBN 978-0857451637

²²⁴ Treaty Establishing a Common Market between the Argentina Republic, the Federal Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay. *SICE: Trade Agreements* [online]. Organization of American States, 1991, 26 March 1991 [cit. 2014-03-10]. Retrieved from: <http://www.sice.oas.org/trade/MRCSR/MRCSRTOC.aspp>. Source: Ministério das Relações Exteriores, Brazil.

²²⁵ Additional Protocol to the Treaty of Asunción on the Institutional Structure of MERCOSUR: Protocol of Ouro Preto. *SICE: MERCOSUR* [online]. Organization of American States, © 2014 [cit. 2014-03-10].

achievements in the intraregional integration would remind the EU integration scheme but any similarity has been far from the reality. Disparities between the EU and MERCOSUR were rooted deeply - both regions were divided politically and socially as has been admitted during the Fifth Summit between the European Union, Latin America and the Caribbean in Lima 2008 where "both sides stressed the importance of the political dialogue between the two regions as a fundamental tool for improving mutual understanding on matters of common concern, such as overcoming poverty, inequality and hunger at a global and regional level, fostering social and economic development and social inclusion, promoting human rights [...]." ²²⁶

MERCOSUR hardly would be considered equal to the European type of integration in spite of some similarities. A process of regional integration within MERCOSUR was based on the fact that Argentina feared of Brazil supremacy in sense of first among peers as "the Argentinians wear the most aggressive in pushing for deepening Mercosur institutions, since such institutions could constrain Brazilian behavior." ²²⁷ During the presidency of Lula de Silva has been visible that Brazil would like to see more coordinated policy of South American states leading to a regional integration. However not only regional environment of Latin America but also internal factors created obstacles to achieve a deeper regional integration because "there is not enough critical mass in Brazilian society to

Retrieved from: <http://www.sice.oas.org/trade/MRCSR/MRCSRTOC.asp>

²²⁶ MERCOSUR-EUROPEAN UNION TROIKA SUMMIT: Lima, Peru, 17 May 2008. *Joint declaration* [online]. Lima: COUNCIL OF THE EUROPEAN UNION, 2008, 17 May 2008 [cit. 2014-03-10]. Retrieved from: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/er/100459.pdf

²²⁷ CASON, Jeffrey W. *The political economy of integration*. New York: Routledge, 2010, pp. 108. ISBN 978-020-3846-254.

intensify the integration process. In the Lula administration, efforts have been made to offset this situation by trying to understand the drivers underpinning the interests some of Brazil's neighbors.”²²⁸ Also the idea of a common monetary union as EMU wasn't probable due to national interests of Brazil which “is likely to oppose any monetary integration plan for Mercosur that limits that flexibility.”²²⁹

The process of regional integration towards a common market affected also institutional level of civil societies. Such experience would be considered similar to the EU experience but in case of MERCOSUR was highly limited to a mutual trade policy with a small influence on democracy across the region including the informal leader of MERCOSUR: “At the same time, there is an important 'democratic deficit' in Brazil's new foreign trade policy. Despite its 'democratizing' genesis, this new cooperative relationship in Southern Cone has actually had very little effect on democracy itself.”²³⁰ In reality MERCOSUR would be rather considered as a platform to support a regional foreign trade, occasionally to project single minded foreign policy and build-up a relationship between and Brazil which have been the traditional regional rivals.²³¹ Unfortunately even in the intraregional trade within MERCOSUR obviously failed due to low volumes compared to

²²⁸ VIGEVANI, Tullo, Gabriel CEPALUNI, Phillippe C. SCHMITTER and Leandro MOURA. *Brazilian foreign policy in changing times: the quest for autonomy from Sarney to Lula*. Lanham, Md.: Lexington Books, c2009, pp. 117. ISBN 978-0739128817.

²²⁹ HAEGEN, Pierre L. and José VINALS. *Regional integration in Europe and Latin America: monetary and financial aspects*. Burlington, VT: Ashgate, c2003, pp. 111. ISBN 07-546-3997-5.

²³⁰ KINGSTONE, Peter R. and Timothy J. POWER. *Democratic Brazil: actors, institutions, and processes*. Pittsburgh: University of Pittsburgh Press, pp. 205. ISBN 08-229-5714-0.

²³¹ CASON, Jeffrey W. *The political economy of integration*. New York: Routledge, 2010, pp. 37. ISBN 978-020-3846-254.

those achieved in NAFTA or the EU: “Mercosur’s intra-regional trade averaged 15.0% of total trade over the period 2002-2005, a relatively low rate when compared to other regions such as the EU (65.9%) or NAFTA 11 (45.3%).”²³² Statistics provided by WTO on Merchandise trade of MERCOSUR countries by major product group and by origin/destination in 2011 shows that the value of MERCOSUR's intraregional trade was \$US 54 million which can be compared to the value of World-MERCOSUR's trade with \$US 353 million²³³ (it is actually again slightly over 15%). MERCOSUR's intraregional trade was mostly driven by manufactures with the value \$US 37 million and followed by agricultural products with \$US 10 million. Fuel and mining products reached only \$US 6 million.²³⁴

Many scholars from Latin America indicated that in order to achieve deeper integration it is necessary make stronger institutions with supranational powers.²³⁵ The same view shared the EU which implied that “the current institutional set-up does not seem to have found its final balance.”²³⁶

²³² MERCOSUR: REGIONAL STRATEGY PAPER 2007-2013. (E/2007/1640) [online]. Brussels: EUROPEAN COMMISSION, 2007, 02.08.2007 [cit. 2014-03-10]. pp. 10-11. Retrieved from: http://eeas.europa.eu/mercosur/rsp/07_13_en.pdf

²³³ In 2011 Argentina and Brazil's export together made \$US340 millions which makes Paraguay and Uruguay statistically unimportant.

²³⁴ We can presume that majority of MERCOSUR's members were unable significantly complement structure of raw materials due to its own resources or manufactures.

²³⁵ CARRANZA, Mario E.: La institucionalidad "ligera" del MERCOSUR y sus perspectivas de sobrevivencia en la segunda década del siglo XXI. BRICEÑO RUIZ (ed.). *El mercosur y las complejidades de la integración regional*. Mérida, Venezuela: CDCHTA, Universidad de los Andes, c2011, pp. 42. ISBN 978-9871354962.

²³⁶ MERCOSUR: REGIONAL STRATEGY PAPER 2007-2013. (E/2007/1640) [online]. Brussels: EUROPEAN COMMISSION, 2007, 02.08.2007 [cit. 2014-03-10]. pp. 17. Retrieved from: http://eeas.europa.eu/mercosur/rsp/07_13_en.pdf

Opposite view offered in 1980s Japanese scholars who compared intraregional trade integration between East Asia and Latin America. In spite of cultural, linguistic or political differences was East Asia capable to create an integrated market. On the contrary Latin America with shared linguistic, historical and even religious experience couldn't reach intraregional economy integration. Japanese scholars identified that the market integration in East Asia was driven by the interests of private sector which were in contrast to the proclamations of political elites in Latin America. The knowledge that the private sector has a significant positive impact on regional economic integration led Japanese government to prefer bilateral trade agreements to multilateral ones.²³⁷ The discrepancies between the political ambitions of MERCOSUR in relation to the real results of the intraregional integration convince us that “el MERCOSUR será reforzado como iniciativa política, pero a la vez debilitado como vía de inserción en la economía internacional. [...] no podría compensar el débil nivel de interconexión económica real entre los países parte del proyecto.”²³⁸

We have already mentioned that the EU/EC was on the contrary based on “coal and steel”²³⁹ - it means that economic

²³⁷ HORISAKA, Kotaro: Agents of Interaction: The Changing Roles of Business Firms. SMITH, Peter H., Kotaro HORISAKA a Shoji NISHIJIMA (eds.). *East Asia and Latin America: the unlikely alliance*. Lanham, pp. 95-96. ISBN 07-425-2376-4.

²³⁸ GRATIUS, Susanne: Posibilidades y límites para profundizar la integración. GRATIUS, Susanne (ed.). *MERCOSUR y NAFTA: instituciones y mecanismos de decisión en procesos de integración asimétricos*. Frankfurt am Main: Vervuert, 2008, pp. 347. ISBN 84-848-9361-8.

²³⁹ Treaty constituting the European Coal and Steel Community. [online]. Brussels: Council of the European Union, 1951, © European Union, 2004-2014 [cit. 2014-03-12]. Retrieved from: <http://www.consilium.europa.eu/uedocs/cmsUpload/Treaty%20constitut>

fundamentals/interests of the common (at that time shared) market prevailed in spite of that many resources would suggest otherwise. However, this certainly does not exclude a significantly positive transformation of the Franco-German diplomatic relations.

Many South America countries went through the innovative economic-wide improvements called ISI (Import Substitution Industrialization). It is still opened to discussion how it has influenced the regional market integration. The origin of this idea was based among others on the reaction to the Great Depression of the 1930s which made the call for the regional industrialization or we even can talk about the regional self-industrialization. It's very important to underline a word "regional", because an Argentina economist Raúl Prebisch argued in a favor of economic integration in the region with gradual opening to the global markets.²⁴⁰ ISI was in nature the state intervention in order to develop new industries or to support those which already existed.²⁴¹ However self-sufficiency or autarky was at the end mostly idealistic approach with lack of promotion on a regional basis.²⁴² Contrary to South Korea or Taiwan were Latin American manufactures unable to be competitive internationally and the

ing%20the%20European%20Coal%20and%20Steel%20Community.pdf

²⁴⁰ BETHELL, Leslie. *The Cambridge History of Latin America: 1930 to the present*. New York, NY: Cambridge University Press, 1994, Volume 6, Part 2. pp. 209. ISBN 05212322601.

²⁴¹ Transformed ISI's theories were partially mirrored in the book 'Kicking Away the Ladder' from Ha-Joon Chang who focused on inequality among states in political and economic terms. See also: CHANG, Ha-Joon. *Kicking away the ladder: development strategy in historical perspective*. London: Anthem, 2002, 187 pp. ISBN 18-433-1027-9.

²⁴² BAER, Werner: Import Substitution and Industrialization in Latin America: Experiences and Interpretations. DOMÍNGUEZ, Jorge I. (ed.). *Economic strategies and policies in Latin America*. New York: Garland Pub./Routledge, 1994, pp. 138-142. ISBN 08-153-1485-X.

majority of region turned to the protectionism.²⁴³

IV.2. Enter the Dragon

The year 2006 was a milestone for the global economy as the U.S. housing bubble was about to mark the starting line of Global Financial Crisis of 2007-2008. During September 2006 the International Monetary Fund published 'Economic Outlook Financial Systems and Economic Cycles' where projected a positive outlook²⁴⁴ for so called Western Europe however with some warnings. The UN shared in its 'World Economic Situation and Prospects 2006' much less positive outlook as it has mentioned that “risks to the outlook in Western Europe are tilted mainly to the downside. They are related to the possibility of a further pronounced rise in oil prices, a disorderly unwinding of global imbalances [...].“²⁴⁵

For the EU was the year 2006 not only important because of coming the financial crisis and its following impact. The European Commission officially and probably for the first time admitted that OECD countries aren't any more alone as leading economic powers and moreover these countries including the EU are endangered especially by China on their top positions

²⁴³ CAY, Cristóbal: East Asia's success and latin America's failure: agrarian reform, industrial policy and state caapcity. BOYD, Richard, Benno GALJART and Tak-Wing NGO (eds.). *Political development and conflict in East Asia and Latin America*. New york: Routledge, 2006, Routledge Studies in Development and Society. pp. 44-45. ISBN 04-153-6318-7.

²⁴⁴ FUND, International Monetary. *Financial systems and economic cycles: World Economic Outlook September 2006* [online]. Washington, DC: International Monetary Fund, 2006, [cit. 2014-03-14]. pp. 44. ISBN 15-890-6598-0. Retrieved from:
<http://www.imf.org/external/pubs/ft/weo/2006/02/pdf/weo0906.pdf>

²⁴⁵ *World economic situation and prospects 2006* [online]. New York: UN, 2006, [cit. 2014-03-14]. pp. 99. ISBN 92-110-9150-0. Retrieved from:
http://www.un.org/en/development/desa/policy/wesp/wesp_archive/2006wesp.pdf

because “more countries than ever are seizing the opportunities of globalization. [...] China is likely to become the second single largest economy in a few decades. Within a similar time scale India may become the 6th largest global economy. China is already the third largest exporter in the world.”²⁴⁶ Commission staff working document obviously generally referred to so called BRIC states but China was the most important emerging market mentioned in the EC report. Tiananmen Square massacre seemed few years later not to be a major issue²⁴⁷ having in mind a rising economic power of China together with diplomatic activities which contributed to mitigate a negative effect of this violent state decision.²⁴⁸ Emphasis on export oriented economy was in East Asia presented generally but for China it was also way how to attract FDI and advanced technologies in order to be more competitive globally.²⁴⁹

²⁴⁶ Commission staff working document - Annex to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - Global Europe: competing in the world - Contribution to the EU's Growth and Jobs Strategy {COM(2006) 567 final} {SEC(2006) 1228} {SEC(2006) 1229}: /* SEC/2006/1230 */. *EUR-lex: Back to EUR-Lex homepage* Access to European Union law [online]. Brussels, 2006, 04/10/2006 [cit. 2014-03-14]. Retrieved from: <http://new.eur-lex.europa.eu/legal-content/EN/NOT/?jsessionid=7tQLTvHKQNoQnqvqxY8voZjY3BQ2Tc1LQp2CBwvDDKo9lQvXfsSj!706059405?uri=CELEX:52006SC1230>

²⁴⁷ RETTMAN, Andrew. Focus: Ashton pragmatic on China in EU foreign policy blueprint. *EUobserver: China-EU Relations* [online]. Brussels: EUobserver, 2010, 17.12. 2010 [cit. 2014-03-14]. Retrieved from: <http://euobserver.com/china/31538>

²⁴⁸ CHUNG, Chien-peng. *China's multilateral cooperation in Asia and the Pacific: institutionalizing Beijing's 'good neighbour policy'*. London: Routledge, 2011, Politics in Asia. pp. 15. ISBN 978-041-5690-355.

²⁴⁹ WU, Yanrui. *China's economic growth: a miracle with Chinese characteristics*. New York: RoutledgeCurzon, 2004, pp. 15. ISBN 07-007-

China itself was aware of its potential and it was also aware what it needs to fulfill this potential summarized under the term economic security. A leadership of China positioned itself in White Paper (Year of 1998, China's National Defense)²⁵⁰ where stipulated that "economic security is becoming daily more important for state security. In international relations, geopolitical, military security and ideological factors still play a role that cannot be ignored, but the role of economic factors is becoming more outstanding [...] globe-wide struggles centered on markets, natural resources and other economic rights and interests are daily becoming sharper; and the quickening of economic globalization and intensification of the formation of regional blocs render the economic development of a country more vulnerable to outside influences and impacts. Therefore, more and more countries regard economic security as an important aspect of state security."²⁵¹

Ten years later at the end of 2008 PRC published its first public/official white paper on Latin America. In case of China it can be hardly defined as a step toward transparency but rather as an open declaration of Chinese interests in the region. The history of Chinese activities in South America can be tracked more than decades ago and they are not in nature just only of commercial engagement as "Lagos said that Chile and China share the same or similar views on many major international issues. The two countries have conducted good cooperation in international affairs and supported each other. Chile is ready to strengthen coordination and cooperation with China in UN, APEC and WTO. Jiang explained China's

1728-5.

²⁵⁰ Chinese position was influenced by Asian financial crisis in 1997.

²⁵¹ China's National Defense: I. The International Security Situation. *Govt. White papers* [online]. Beijing: Information Office of the State Council Of the People's Republic of China, 1998, July 1998 [cit. 2014-03-14].

principled position on the Taiwan question and appreciated Lagos' position adhering to one China and not having official relations with Taiwan. Lagos reiterated that Chile would adhere to one China policy. During the talks, Jiang iterated China's views on the current international situation and emphasized the views on multi-polarization and globalization.²⁵² It would be rather described as a harmonization of economic and political interests in order to achieve better positions. Indeed, China during meetings repeatedly asked for assurances about the one-China policy. Especially China's political-territorial claims connected to Taiwan were similar to those expressed during bilateral meetings in Europe where states of the EU had more political ambitions on this issue with mixed results as commented by Gudrun Wacker.²⁵³ China repeatedly supported/reflected Chile and Argentina in their territorial claims. However mostly prevailed interest in mutual economic ties.

Frank O. Mora noted that the trade between Latin America and China increased from 1989 to 1996 by more than 100 percent and Chinese investments more than tripled.²⁵⁴ While an

Retrieved from: <http://www.china.org.cn/e-white/5/5.1.htm>

²⁵² President Jiang Zemin Met With Chilean President Lagos and Other Officials. [online]. Beijing: Ministry of Foreign Affairs, the People's Republic of China, ©1998-2005, 2001/04/09 [cit. 2014-03-14]. Retrieved from: <http://www.fmprc.gov.cn/eng/topics/3755/3756/3779/3780/t19321.shtml>
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²⁵³ GUDRUN, Wacker: The European Union and East Asian security: prepared for the future?. SHULONG, Chu and Frans-Paul van der Putten (eds.). *China, Europe, and international security: interests, roles, and prospects*. 1st issued and paperback 2012. London: Routledge, 2012. Asian Security Studies. pp. 128-130. ISBN 978-0415532532.

²⁵⁴ MORA, Frank O. Sino-Latin American Relations: Sources and Consequences, 1977–1997. *Journal of Interamerican Studies and World Affairs* [online]. Center for Latin American Studies at the University of

official visit of Latin America by Chinese president Yang Shangkun in 1990²⁵⁵ would be considered as *andante* so others following state visits were closer to *allegro vivace*. President Yang Shangkun in 1990 visited only five countries in Latin America (Mexico, Uruguay, Brazil, Argentina, and Chile) but with strategic importance of economic and diplomatic interest to China. His visit started something what would be called “the Chinese decade” as in 1993 and 1997 paid visit to the region Chinese president Jiang Zemin including Premiers Li Peng and Zhu Rongji in 1992, 1995, 1996 and 1998.²⁵⁶ This course of foreign policy was followed by his successor because “China’s unprecedented economic expansion has forced Hu Jintao administration to adopt a more assertive foreign economic policy.”²⁵⁷

However as the crucial high level visit should be considered Jiang Zemin's trip to selected Latin America countries in 2001 (Chile, Argentina, Uruguay, Cuba, Brazil and Venezuela). A brief analyze detects a typical pattern for Chinese interests. Argentina and Venezuela attracted China as weak economics

Miami, 2008, Volume 41, Issue 2, pp. 91. [cit. 2014-03-14]. DOI: 10.1111/j.1548-2456.1999.tb00095.x. Retrieved from: <http://www.jstor.org/stable/166408>

²⁵⁵It is appropriate to remind that all five Latin American countries accepted the Chinese president just one year after Tiananmen Square Massacre as for the course of their foreign policy it wasn't considered as a barrier for bilateral meetings on highest political level.

²⁵⁶ BERRÍOS, Rubén: Bridging the Pacific: Peru's Search for Closer Economic Ties with China. JILBERTO, Alex E. Fernández and Barbara HOGENBOOM (eds.). *Latin America facing China: South-South relations beyond the Washington consensus*. New York: Berghahn Books, 2010, Cedla Latin America Studies. pp. 137. ISBN 978-184-5457-396.

²⁵⁷TENG, Chung-chian: Hegemony or Partnership: China's Strategy and Diplomacy Toward Latin America. EISENMAN, Joshua, Eric HEGINBOTHAM and Derek MITCHELL (eds.). *China and the developing world: Beijing's strategy for the twenty-first century*. Armonk, New York: M.E. Sharpe, c2007, East Gate Books. pp. 91. ISBN 978-0-7656-1712-5.

whose leaders were dependent on populist policy which (mostly) needed immediate financial resources in order to obtain or maintain support based on the theory “of 'populist policy cycles,' a typical Latin American way for policymaking, where deep inequality and social unrest sow the seeds for policies of redistribution and expansion by reactivation. In the longer run, when the economies run into bottleneck and foreign reserves get depleted, these policies become unsustainable [...]”²⁵⁸ In case of Venezuela and Cuba would be also considered a political interest as “Chinese President Jiang Zemin played primarily to left-wing favorites such as Cuba and Venezuela [...]”²⁵⁹ A left-wing factor have been involved in a selection of Jiang Zemin's trip as part of strategy but hardly could prevail over pragmatism. If we take into account that “the 2001 visit to Cuba by Chinese President Jiang Zemin played a crucial role in reinvigorating the economic a political alliance between the two countries”,²⁶⁰ so such opinion should be considered at least partially simplified.

Paying high state visit to Brazil was a case of clear pragmatism towards a regional leader with increasing global ambitions and

²⁵⁸ BEETSMA, Roel M. W. J. and Frederick PLOEG. Does inequality cause inflation?: The political economy of inflation, taxation and government debt. *Public Choice* [online]. 1996, vol. 87, 1-2, [cit. 2014-03-14]. pp. 144. Retrieved from: <http://link.springer.com/10.1007/BF00151733>

²⁵⁹ NAVARRO, Peter. *The coming China wars: where they will be fought and how they can be won*. Rev. and expanded ed. Upper Saddle River, N.J.: FT Press, c2008, pp. 102. ISBN 978-0132359825.

²⁶⁰ ERIKSON, Daniel pp.: CHINA'S EMERGING ROLE IN LATIN AMERICA: EVIDENCE FROM CUBA, VENZUELA, AND THE CARIBBEAN. FOREIGN AFFAIRS COMMITTEE. *East Asia: Seventh Report of Session 2005–06* [online]. London: The House of Commons, 2006, 13 August 2006 [cit. 2014-03-14]. Oral and written evidence: Volume II. pp. 200. Retrieved from: <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmaff/860/860-ii.pdf>

sharing "a 'South-South' dimension that supported Chinese efforts to work over the long term against U.S. dominance and to create a multipolar world. China's support for Brazil's bid to become a permanent member of the UN Security Council [...] were part of Beijing's South-South agenda that has long existed in Chinese foreign policy."²⁶¹ Jiang Zemin's trip in 2001 was a prove that China is very effective with regards to timing. While the visit of president Shankun reflected Tiananmen Square massacre so president Jiang Zemin during his trip in Latin American countries supported closing negotiations on China's membership in WTO – which have been successfully accomplished on December 2001.²⁶² We would argue that Jiang Zemin's visit in 2001 was a part of his greater strategy in order to achieve a restructure of Chinese industry, promote international trade with China and also to contribute to his internal political power "as Joseph Fewsmith argues, what really convinced the Chinese leadership to proceed with the deal, despite or perhaps even because of the mounting domestic opposition, was the commitment of Jiang Zemin and Zhu Rongji to globalization and a fundamental restructuring of Chinese industry. Politically, failure to reach an agreement would have left Jiang in a passive position [...]." ²⁶³

Chinese WTO membership also raised questions how foreign direct investment (net inflows) would be diverted from

²⁶¹ SUTTER, Robert G. *Chinese foreign relations: power and policy since the Cold War*. 2nd ed. Lanham, Md: Rowman, 2010, 448 s. Asia in World Politics. pp. 387-388. ISBN 978-074-2566-958.

²⁶² MEMBER INFORMATION: China and the WTO. *WTO: China - Membership Information* [online]. World Trade Organization, © 2014 [cit. 2014-03-14]. Retrieved from:
http://www.wto.org/english/thewto_e/countries_e/china_e.htm

²⁶³ KIM, Samuel S. China's Path to Great Power Status in the Globalization Era. LIU, Guoli (ed.). *Chinese foreign policy in transition*. New York: Aldine de Gruyter, c2004, pp. 373. ISBN 02-023-0753-0.

emerging markets (including those in Latin America) to China.²⁶⁴ Correlation of data between China and selected South American countries (Argentina, Brazil and Chile) from 2000 to 2007 would give an impression that China diverted FDI from emerging markets. During 2000 China received FDI \$US 38,753,000,000 and following year 2001 obtained \$US 44,241,000,000 until 2007 FDI gradually multiplied from 2001 more than three times up to \$US 156,249,335,203. On the other hand Argentina followed a totally different pattern. In 1999 reached \$US 23,987,696,390 of FDI and \$US 10,418,314,339 in 2000. Following years FDI net inflows dropped to \$US 2,166,136,830 (2001), \$US 2,148,910,000 (2002) and \$US 1,652,010,000 (2003). The year 2004 brought FDI recovery as Argentina would enjoy \$US 4,124,710,000 which gradually rose up to \$US 6,473,150,000 in 2007.²⁶⁵

Argentina would be very hardly labeled as a victim of Chinese ability to acquire a large amount of FDI as the problem seemed to be more of an internal character due to the fact that "each failed attempt to set the economy on a sound footing made the population increasingly skeptical of the government's ability and willingness to live up to its commitments, which made subsequent stabilization efforts more difficult. The lack of trust was reflected in high sensitivity of capital flows to changes in economic policy, the demonetization of the economy, and a sharp drop in private investments."²⁶⁶ Low

²⁶⁴ SANTISO, Javier. *The visible hand of China in Latin America*. Paris, France: Development Centre of the Organisation for Economic Co-Operation and Development, c2007, pp. 134. ISBN 92-640-2796-3.

²⁶⁵ Foreign direct investment, net inflows (BoP, current US\$). *FDI - Data - Table* [online]. The World Bank Group [cit. 2014-03-14]. Retrieved from: <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD>

²⁶⁶ VEIGEL, Klaus Friedrich. *Dictatorship, democracy, and globalization: Argentina and the Cost of Paralysis, 1973-2001*. University Park: Penn State University Press, 2012, pp. 149. ISBN 978-027-1034-652.

inflation and economic recovery during 1990s was a source of partial optimism²⁶⁷ but this recovery hasn't been based on sustainable growth.

IV.3. Oil - Latin America matters

Main origins of crude oil imports to the EU27 by country were Russia, Norway and selected countries from the Middle East and Central Asia.²⁶⁸ Latin America as the exporter of crude oil to the EU was very limited to Mexico (major importer was Spain), Venezuela (major importers were Spain with sharp decline in 2010 and Germany) and Brazil (major importer was Portugal).²⁶⁹ Latin America as the source of crude oil has begun to be more important with raising oil consumption globally because of emerging markets - a massive consumption of oil wasn't any more limited predominantly to the US and the EU.

A rising demand for crude oil from China, India and other emerging markets created pressure on its prices and slowly lowering demand from developed regions/countries didn't create equilibrium - in spite of worldwide rising production of crude oil. In terms of energy security and level of economic

²⁶⁷ MUSSA, Michael. *Argentina and the Fund: from triumph to tragedy*. Washington, DC: Institute for International Economics, 2002, pp. 12. ISBN 978-0881323399.

²⁶⁸ EUROSTAT [AND] EUROPEAN. *Europe in figures: Eurostat yearbook 2012*. Luxembourg: Publications Office of the European Union, 2013. pp. 545. ISBN 978-927-9220-852. Retrieved from: http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-CD-12-001. Digital Object Identifier (DOI): 10.2785/20539.

²⁶⁹ Imports (by country of origin) - oil - annual data [nrg_123a]. *Eurostat: Data Explorer* [online]. European Commission, 2013, 27-06-2013 [cit. 2014-03-14]. Retrieved from: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nrg_123a&lang=en

interdependence²⁷⁰ “according to the IEA, the energy security of energy consuming industrialized countries – in their sensitivity – is highly dependent on the economic growth of the world's quickest growing energy consumers, e.g. China and India.”²⁷¹ In other words any event or challenge limited to one state or region on world market with crude oil consequently probably influenced any state or region as crude oil (contrary to other minerals) had a capacity to affect global prices due to interdependence.²⁷² Joseph S. Nye on this issue noted: “The two most populous nations on earth, China and India, are experiencing rapid increases in demand for energy as they modernize and industrialize. Both countries are making mercantilist efforts to buy and control foreign oil supplies, though the lessons of the 1970s crisis suggest that oil is a fungible commodity and markets tend to spread supplies and even out the pain no matter who owns the oil.”²⁷³

History already proved that oil distribution due to mutual substitution is highly interdependent and any disturbance of distribution has a capability to influence spot prices around the world. If we consider crude oil's price elasticity demand, having in mind that oil can be hardly substituted by other product, so the conclusion is that the lower elasticity would be expected. Also on the side of price elasticity of supply in short

²⁷⁰ See also: KEOHANE, Robert O a Joseph S NYE. *Power and interdependence*. 4th ed. Boston: Longman, c2012, xxxiv, 330 pp. ISBN 978-0205082919.

²⁷¹ ESAKOVA, Nataliya. *European energy security: analysing the EU-Russia energy security regime in terms of interdependence theory*. Wiesbaden: VS Verlag für Sozialwissenschaften, 2012, Globale Gesellschaft und internationale Beziehungen (Book 2). pp. 56. ISBN 978-3531192000.

²⁷² CRESCENZI, Mark J. *Economic interdependence and conflict in world politics*. Lanham: Lexington Books, c2005, pp. 38-41. ISBN 07-391-1039-X.

²⁷³ NYE, Joseph S. *The future of power*. 1st ed. New York: PublicAffairs, c2011, pp. 68. ISBN 978-1610390699.

term run and long term run is elasticity very low (inelastic) in spite of that “the long-run demand price elasticity is higher than the short-run one.”²⁷⁴ These all arguments are also answers to our question about the importance of oil production in Latin America for the EU – the crude oil is global commodity with global impact. From different angle we can agree that “when output grows despite a stable or declining price, the supply curve has shifted outward, favorably. Oil has become less scarce. Contrariwise, when price is stable or rising and output contracts [...] Oil has become more scarce.”²⁷⁵ In other words higher oil production meeting demands of emerging markets as China and India would be accepted as a positive output but on the other hand there are strategic questions about the stability and control of resources as well.

During 2008-2012 Mexico, Brazil and Venezuela were one of major regional producers of crude oil (Table 9) in Latin America countries and all of them suffered from declining oil production or fluctuation with slow progress. Oil reserves of Mexico, Brazil and Venezuela were under total or majority government control through NOCs which contributed not only to national economies but also to national political agenda.²⁷⁶ This aspect made NOCs vulnerable not only to government interventions but also made them vulnerable to corruption and politicization. All these issues lead to lack of efficiency. Since

²⁷⁴ KRICHENE, Nouredine. *World Crude Oil Markets: Monetary Policy and the Recent Oil Shock* [online]. International Monetary Fund, 2006, [cit. 2014-03-15]. Working Paper No. 06/62. pp. 10. ISSN: 1934-7073.

²⁷⁵ WATKINS, C. G. and Shane STREIFEL. *World Crude Oil Resources: Evidence from Estimating Supply Functions for 41 Countries*. Washington, DC: The World Bank, 1997, Policy Research Working Paper. pp. 5. Retrieved from:
<http://elibrary.worldbank.org/doi/pdf/10.1596/1813-9450-1756>

²⁷⁶ See also: PHILIP, George. *Oil and politics in Latin America: nationalist movements and state companies*. New York: Cambridge University Press,

2008 oil production in Venezuela and Mexico steadily declined. In case of Brazil we can see progress but only until 2011 as a change in 2012 over 2011 made -2,0%. This sharp change was even worse than in case of Venezuela (-1,5%) or Mexico (-0,7%). These figures would be compared to US with +13,9% or Canada with +6,8%.

Petrobras

In spite of that Petrobras would be considered as well performing NOC, which co-existed with private projects, so real performance was mirrored in its own stocks. Since December 2009 with value 50,8 \$US was Petrobras stock declining with some fluctuations to value 11,21 \$US in January 2014.²⁷⁷ It is true that for many stocks from the oil industries were years after 2009 less productive but still their performance was oriented more upward. REPSOL stocks since December 2009 until January 2014 lost -13,04% and ConocoPhillips stocks during the same period gained +67,32% but in case of Petrobras stocks loss reached -77,93%.²⁷⁸

Since its foundation in 1954 Petrobras always served as a monopolist tool for political agenda until 1997 when this status was changed by Law No. 9,378, which opened the Brazilian petroleum industry to other private companies.²⁷⁹ However due to government's owner majority continued

1982, xviii, 577 pp. ISBN 05-212-3865-X.

²⁷⁷ Petroleo Brasileiro S.A. *PBR Interactive Chart* [online]. Yahoo Finance, Mar 14, 2014 [cit. 2014-03-15]. Retrieved from:
[http://finance.yahoo.com/echarts?s=PBR+Interactive#symbol=pbr;range=5y;compare=;indicator=volume;charttype=area;crosshair=on;ohlvalues=0;logscale=off;source=;](http://finance.yahoo.com/echarts?s=PBR+Interactive#symbol=pbr;range=5y;compare=;indicator=volume;charttype=area;crosshair=on;ohlvalues=0;logscale=off;source=)

²⁷⁸ YAHOO. *Yahoo Finance: Stock Center* [online]. YAHOO [cit. 2014-03-22]. Retrieved from: <http://finance.yahoo.com/stock-center/>

²⁷⁹ VASSILIOU, M. *Historical dictionary of the petroleum industry*. Lanham, Md.: Scarecrow Press, 2009, Historical dictionaries of professions and

political interventions continued. Political and commercial differences have been reflected in expectations of discovered sub-salt oil fields in 2007. Petrobras was conservative “in its estimates, suggesting an increase to something like 30-35 billion barrels. Politicians have shown less restraint. In the last year, they have scaled up projection first to 50, then to 80, and, most recently, to 100 billion barrels, as the National Congress debated division of the resultant profits.”²⁸⁰ These estimates were higher three times more than original expectations of Petrobras. Figures from the National Congress more inclined to short-time political agenda than reality. Other issue were also technical challenges connected to pre-salt fields located offshore in Santos Basin as “its position below miles of salt and water make it technically difficult to develop.”²⁸¹

In order to overcome technical difficulties it was necessary to acquire a substantial financial help. However Global Financial Crisis fully developed in 2007 made almost any financial partnership with developed markets highly difficult except one country with strong financial background – China. In May 2009 Petrobras and Chinese Development Bank concluded agreement which provided to Petrobras \$US 10 billion loan for 10 years. China secured something more precious – oil shipments to China for ten years. For the first year 150,000 barrels of crude oil per day and following 9 years 200,000 barrels per day which should contribute to a greater strategy to

industries, 3. pp. 100. ISBN 08-108-6288-3.

²⁸⁰ FISHLOW, Albert. *Starting over: Brazil since 1985*. Washington, D.C.: Brookings Institution Press, Brookings Latin America Initiative Book. pp. 84-85. ISBN 9780815721437.

²⁸¹ BODMAN, Samuel W, James D WOLFENSOHN a Julia SWEIG. *Global Brazil and U.S.-Brazil relations*. New York: Council on Foreign Relations, Independent task force report, no. 66. pp. 33. ISBN 08-760-9492-2.

prevent energy shortages.²⁸² China also included a condition that “o financiamento será usado para financiar os investimentos da Petrobras e inclui financiamento para compra de bens e serviços de empresas chinesas.”²⁸³

This condition based almost on mercantilism was on the contrary to latter provisions of Brazilian government which Petrobras reflected in its 'Instructions for suppliers from other countries' where has been stipulated that “foreign companies must be formally authorized by the Brazilian government or have a Brazilian daughter company registered and evaluated in Petrobras Goods and Services Suppliers Registration.”²⁸⁴ However these provisions created challenges for Petrobras itself as local producers were more expensive and less experienced than companies abroad.²⁸⁵

One of the major challenges for Petrobras has been identified

²⁸²LIM, Tai-Wei. *Oil and gas in China: the new energy superpower's relations with its region*. Hackensack, NJ: World Scientific, c2010, Series on contemporary China, v. 21. pp. 95. ISBN 98-142-7795-9.

²⁸³ Comunicados e Fatos Relevantes: Contratação de Linha de Financiamento de US\$ 10 bilhões junto ao China Development Bank (CDB). *Petrobras: Relacionamento com Investidores* [online]. Rio de Janeiro: PETRÓLEO BRASILEIRO S/A - PETROBRAS, 2009, Copyright 2014 [cit. 2014-03-15]. Retrieved from: <http://www.investidorpetrobras.com.br/pt/comunicados-e-fatos-relevantes/contratacao-de-linha-de-financiamento-de-us-10-bilhoes-junto-ao-china-development-bank-cdb.htm>

²⁸⁴ Instructions for suppliers from other countries: Registration to become a supplier for Petrobras. *Petrobras: Canal Fornecedor* [online]. Petrobras, Copyright 2014 [cit. 2014-03-15]. Retrieved from: http://sites.petrobras.com.br/CanalFornecedor/portugues/comocadastrar/comocadastrar_ing1.asp

²⁸⁵MILLARD, Peter. Petrobras Output Target at Risk as Brazil Favors Local Business. *Bloomberg News* [online]. Bloomberg, © 2014, Mar 13, 2012 [cit. 2014-03-15]. Retrieved from: <http://www.bloomberg.com/news/2012-03-13/petrobras-output-goal-risked-as-brazil-boosts-dependence-on-local-supplies.html>

by U.S. Energy Information Administration (EIA) which noted that “in 2011, Brazil's liquid fuels consumption surpassed its liquid fuels production for the first time since 2007.”²⁸⁶ Annual gross difference between petroleum consumption and oil supply shows that annual change continued also in 2012 even with higher figure (Table 10). In EIA analysis was higher consumption in Brazil related to rapidly growing economy. In spite of that this can be one of the reason it isn't probably the only one. In 2010 GDP of Brazil raised about 7,5% but following year were figures less impressive with 2,7% in 2011 and 0,9% in 2012.²⁸⁷ Petrobras poor performance was also caused by “the government's refusal to let Petrobras raise domestic fuel prices in line with world prices.”²⁸⁸ Government interventions together with rising domestic demands for fuel and shortage of refineries capacity made Petrobras vulnerable in spite of access to large oil fields.

PDVSA

Since the presidency of Hugo Chávez was PDVSA not only an object of government interventions but due to its importance it has become a political tool for internal and external affairs at great costs.²⁸⁹ However this scheme was already started in

²⁸⁶ Countries: Brazil. *Brazil - Analysis: U.S. Energy Information Administration (EIA)* [online]. U.S. Energy Information Administration, 2013, October 1, 2013 [cit. 2014-03-15]. Retrieved from: <http://www.eia.gov/countries/cab.cfm?fips=BR>

²⁸⁷ GDP growth (annual %). *GDP: Data - Table* [online]. The World Bank Group, © 2014 [cit. 2014-03-15]. Retrieved from: <http://data.worldbank.org/indicator/NY.GDP.MKTPp.KD.ZG>

²⁸⁸ BLOUNT, Jeb. Analysis: Petrobras fuel woes make Brazil dependent on U.S., India. *US EDITION* [online]. RIO DE JANEIRO: Thomson Reuters, 2014, Jan 22, 2014 [cit. 2014-03-27]. Retrieved from: <http://www.reuters.com/article/2014/01/23/us-brazil-refining-analysis-idUSBREA0Mo4I20140123>

²⁸⁹ VICTOR, David G., David R. HULTS and Mark C. THURBER: Major conclusions and implications for the future of the oil industry. HULTS,

1975-76 when “Venezuela nationalized its oil and natural gas industry and put it under the control of PDVSA.”²⁹⁰ During the presidency of Carlos Andrés Pérez (1974-1979) were spending combined with high ambitions. Venezuela continued its transformation to a rentier state²⁹¹ also during the following presidencies of Luis Herrera Campíns (1979-1984) and Jaime Ramón Lusinchí (1984-1989).²⁹²

High spot prices of crude oil sharply declined in the second mid of 1980s (Table 11) due to the fact that Saudi Arabia raised its oil production following decision of other members of OPEC.²⁹³ The price peak in 1990 reflecting among others the Iraq–Kuwait War lasted for short time and during 1990s prices were mostly low. In the early of 1990's PDVSA used to its advantage unfavorable financial situation as GDP of Venezuela averaged during 1980-1988 about 1% followed by interventions of the exchange rate and political turmoil in 1992²⁹⁴ including

David R., Mark C. THURBER and David G. VICTOR (eds.). *Oil and governance: state-owned enterprises and the world energy supply*. New York: Cambridge University Press, 2012, pp. 926. ISBN 978-110-7004-429.

²⁹⁰ FALOLA, Toyin a Ann GENOVA. *The Politics of the global oil industry: an introduction*. [Repr.]. Westport, Conn. [u.a.]: Praeger, 2010, pp. 234. ISBN 978-0313361845.

²⁹¹ The theory of the rentier state was proposed by scholars Hazem Beblawi and Giacomo Luciani and it is focused on a description of patterns of states whose economy is dependent on external rent – mostly oil rent as a major resource for state funds and expenditures. See also: BEBLAWI, Hazem and Giacomo LUCIANI. *The Rentier state*. New York: Croom Helm, c1987, 240 pp. ISBN 07-099-4144-7.

²⁹² LEON, Daniel S. *The Political Economy of Violence: The Case of Venezuela*. Dissertation.Com: Boca Raton, 2010, pp. 48. ISBN 978-159-9423-654.

²⁹³ VASSILIOU, M. *Historical dictionary of the petroleum industry*. Lanham, Md.: Scarecrow Press, 2009, pp. 451. Historical dictionaries of professions and industries, 3. ISBN 08-108-6288-3.

²⁹⁴ HERRERO, Alicia-García. *Banking Crisis in Latin America in the 1990s*:

a decomposition of bipartisan in 1993. Private funding and investments were previously unthinkable but circumstances under certain conditions made viable for the management of PDVSA to propose in 1994 so called *apertura petrolera*. In spite of many limitations and disadvantages this program attracted many IOC which gradually contributed to rising oil production. However the presidential elections in 1998 won Hugo Chávez who strictly oppose to private (and especially foreign) investment and also he has criticized a policy of PDVSA. Among others issues which contributed to political advantages of Hugo Chávez were also one of the lowest prices of crude oil – almost getting back to values twenty years ago (Table 11). Tension between the management of PDVSA and Hugo Chávez lead to serious events in 2002 and 2003 (*Paro Petrolero*). The 2001 Hydrocarbons Law (valid from February 2002) followed by other legal provisions created unstable environment for foreign companies not limited only to oil industry. PDVSA isn't publicly traded company but its performance can be derived from the reports on financial balance (debt). Consolidated Total Debt of PDVSA was in 2011 on \$US 34.892 million, in 2012 on \$US 40.026 million and in 2013 on \$US 43.384 million.²⁹⁵ Oil production between 2008-2012 changed over -15,42% (Table 9).

PEMEX

Between 2008-2012 dropped the oil production under NOC monopoly of PEMEX from 3165 thousand barrels per day to

Lessons from Argentina, Paraguay, and Venezuela [online]. International Monetary Fund, 1997 [cit. 2014-03-15]. IMF Working Paper, WP/97/140. pp. 50. Retrieved from:

<http://www.imf.org/external/pubs/ft/wp/wp97140.pdf>

²⁹⁵ Informes Financieros. *Sitio Web* [online]. Petróleos de Venezuela S.A., © 2005 [cit. 2014-03-15]. Retrieved from:

http://www.pdvsa.com/index.php?tpl=interface.sp/design/biblioteca/readdoc.tpl.html&newsid_obj_id=5319&newsid_temas=111

2911 barrels. It means that during four years it has declined about -8%. Since 1938 has been the oil industry in Mexico under strong nationalistic and political doctrine started by the president Lázaro Cárdenas who revoked the Article 27 of the Political Constitution of the United Mexican States of 1917.²⁹⁶ In spite of challenges for the nationalized oil industry due to lack of technical experience and several boycotts it was obvious, having in mind a deteriorating international situation and also an agreement with Sinclair Oil Company in February 1940 supported by President Roosevelt, that “the intransigence of the multinational oil companies in the Mexican-oil question could endanger the necessary and desired formation of Western Hemisphere solidarity, a critical U.S. national security interest. Petroleum policy was now no longer exclusively an issue for private industry, but an issue of patriotism and strategic interest.”²⁹⁷

In order to tackle a situation, where would net exporter to become net importer, President Enrique Peña Nieto initialized “en materia de energía” a legislative process leading to amendments or modifications of the Political Constitution of the United Mexican States.²⁹⁸ Secretary of Energy (Mexico)

²⁹⁶ Constitution of Mexico. [online]. Washington, D.C.: Organization of American States, 1968 [cit. 2014-03-15]. Retrieved from: http://www.oas.org/juridico/mla/en/mex/en_mex-int-text-const.pdf. Text translated from Constitución Política de los Estados Unidos Mexicanos , Trigésima Quinta Edición, 1967, Editorial Porrúa, S. A., México, D. F.

²⁹⁷ SCHULER, Friedrich E. *Mexico between Hitler and Roosevelt: Mexican foreign relations in the age of Lázaro Cárdenas, 1934-1940*. 1. paperback print. Albuquerque: University of New Mexico Press, 2000, pp. 105. ISBN 978-0826321602.

²⁹⁸ DECRETO - REFORMADAS Y ADICIONADAS DIVERSAS DISPOSICIONES DE LA CONSTITUCIÓN POLÍTICA DE LOS ESTADOS UNIDOS MEXICANOS. *Decreto: Reforma Energetica* [online]. Presidencia de la República [cit. 2014-03-15]. Retrieved from:

Pedro Joaquín Coldwell commented in favor of proposed reforms: “No hacer nada en refinación y petroquímica nos llevaría a un escenario de inseguridad energética en el país, además de representar un desequilibrio en nuestra balanza comercial. En las últimas dos décadas, se observa una tendencia decreciente en la relación entre el valor de las exportaciones y las importaciones de petróleo, gas natural y petrolíferos. En 1996, por cada dólar que importábamos, exportábamos 6.9 dólares. Es decir, éramos un potente exportador de energía. Esto ha cambiado dramáticamente. Ahora, por cada dólar que importamos, exportamos solamente 1.6 dólares. Si seguimos sin aprobar una reforma energética, en pocos años seremos importadores netos de energía.”²⁹⁹

The energy policy of President Enrique Peña Nieto wasn't focused just to the oil sector but also to some other selected industries changing their status from public utilities to SOE. However PEMEX due to its economic and strategic importance was politically sensitive issue reflecting also the nationalization of oil industry in 1938. PEMEX challenges would be described as the tension between national interest and nationalistic interest.

The EU and Oil

The EU and the US has no national oil companies in spite of that such activities has taken place in history³⁰⁰ especially as a

<http://cdn.reformaenergetica.gob.mx/decreto-reforma-energetica.pdf>

²⁹⁹ COLDWELL, Pedro Joaquín. Los costos de la inmovilidad en materia energética. *Revista Este País* [online]. Este País, 2013, 01.10.2013 [cit. 2014-03-15]. Retrieved from: <http://estepais.com/site/?p=48111>

³⁰⁰ BERRAH, Nouredine, Fei FENG, Roland PRIDDLE and Leiping WANG. *Sustainable energy in China: the closing window of opportunity*. Washington, DC: World Bank, 2007, Directions in development (Washington, D.C.). pp. 100. ISBN 08-213-6754-4.

reaction to political steps of major world producers.³⁰¹ By 2010 NOCs controlled around 80 percent of world oil reserve.³⁰² In reality it meant that majority of oil reserve have been controlled by national governments. Table 6 shows total oil supply in thousand barrels per day by regions. It is clear that Middle East during 2008-2012 maintained top position with regards to the world oil production. Table 7 shows total oil consumption in thousand barrels per day by regions. In case of Asia figures it is indicated a radical rising demand for oil which is mostly caused by China. On the contrary, European and North American (Canada, the US) demand for oil partially declined due to new technologies, economic crisis and natural gas exploration (fracking). In spite of this progress Europe was still highly dependent on oil import around 10,000 thousand barrels per day. For this reason it wouldn't be difficult to agree with the opinion that "Europe's security of oil supply mainly depends on the future equilibrium between global demand and supply for oil and the related competition for available resources."³⁰³

Working group of the European Parliament on energy security
- diversity, solidarity and interdependence in energy supply

³⁰¹ TORDO, Silvana, Brandon S. TRACY and Noora ARFAA. *National oil companies and value creation* [online]. Washington, D.C.: World Bank, 2011, [cit. 2014-03-15]. pp. 18-19. ISBN 978-082-1388-327. Retrieved from: <http://siteresources.worldbank.org/INTOGMC/Resources/9780821388310.pdf>

³⁰² BRIDGE, Gavin and Philippe LE BILLON. *Oil*. Malden, MA: Polity Press, 2013, pp. 39. ISBN 07-456-4926-2.

³⁰³ CHECCHI, Arianna, Christian EGENHOFER and Arno BEHRENS. Long-Term Energy Security Risks for Europe: A Sector-Specific Approach. In: *Energy: CEPS Working Documents* [online]. Brussels: CEPS - The Centre for European Policy Studies, 2009 [cit. 2014-03-15]. pp. 10. Retrieved from: <http://www.ceps.eu/book/long-term-energy-security-risks-europe-sector-specific-approach>

expressed in its working paper in June 2010 that “fossil fuels will remain the dominant source of primary energy and are projected to cover 84 per cent of the global increase in energy demand until 2030. Oil is likely to remain the world's most important energy source and its global demand is expected to grow by 37 per cent until 2030.”³⁰⁴ No matter that a direct supply from Latin America to the EU is a minor issue so it still matters when grand strategy is employed. CEPAL noted that “la demanda de petróleo continúa estimulada por China, la India, la República de Corea y el Japón, países que han venido aumentando su consumo de energía debido a sus necesidades productivas . [...] Entre los principales socios hacia donde se exportan estos productos, se encuentran los Estados Unidos (54,6%), la propia región (18,5%), China (8,5%), la Unión Europea (7,1%) y el resto de Asia (5,5%).”³⁰⁵ These data indicate that China in order to keep its economic growth already surpassed the EU in imports of oil from Latin America about 1,4% and China together with the rest of Asia surpassed the EU about 6,9%. There have been also indications that China part of crude oil bought under preferential prices due to political affiliation with Venezuela³⁰⁶ and Ecuador³⁰⁷ later resold to the

³⁰⁴ Joint Parliamentary Meeting: Towards a European Energy Community for the 21st Century?. In: PRIBITZER, Herbert. [online]. Brussels: European Parliament, 2010 [cit. 2014-03-15]. pp. 2. Retrieved from: <http://www.europarl.europa.eu/webnp/webdav/users/emartinezdealosmoner/public/JPM%20WG%20I%20EN.doc>

³⁰⁵ CEPAL: *Panorama de la inserción internacional de América Latina y el Caribe, 2011-2012: crisis duradera en el centro y nuevas oportunidades para las economías en desarrollo* [online]. Santiago de Chile: Naciones Unidas. Comisión Económica para América Latina y el Caribe, 2012 [cit. 2014-03-15]. pp. 71. ISBN 9789212210704 ISSN 1680-8681. Retrieved from: <http://www.cepal.org/publicaciones/xml/1/47981/paninsalESpp.pdf>

³⁰⁶ VENEZUELA: PDVSA DIRECTOR FOR STRATEGIC PLANNING ALLEGES IT IS OPEN FOR DIALOGUE WITH U.S. *WIKILEAKS* [online]. Wikileaks.org, 2010, 2010 February 26 [cit. 2014-03-15]. Retrieved from:

U.S.

Chun Liao argued that China used for its economic growth the dual-structured model with liberal market economy³⁰⁸ and coordinated market economy.³⁰⁹ The importance of private or non-public sector for development of Chinese economy was officially acknowledged in October 2003 during the Third Plenary Session of the 16th CPC Congress.³¹⁰ However many sectors were strictly controlled by the Chinese central government. Especially the energy sector needed permission from the powerful State Council but many other supervisors were usually also involved like the National Development and Reform Commission, the Ministry of Land and Resources, the Ministry of Commerce and many others. No longer viable self-sufficiency in energy sector defined new key objectives of China's 10th Five-Year Plan for Development of the National Economy.³¹¹ In 2003 was created the Energy bureau under the National Development and Reform Commission, in 2005 established the National Energy leading Group and in 2008

https://www.wikileaks.org/plusd/cables/10CARACAS233_a.html

³⁰⁷ SCHNEYER, Joshua. A look at the traders behind the China-Ecuador-U.S. oil triangle. *Reuters* [online]. Thomson Reuters, 2013, Nov 26, 2013 [cit. 2014-03-15]. Retrieved from:

<http://www.reuters.com/article/2013/11/26/us-china-ecuador-taurus-idUSBRE9APoI820131126>

³⁰⁸ See also: CHEN, Zongsheng, Che WU a Siquan XIE. *The extent of marketization of economic systems in China*. Huntington, N.Y.: Nova Science, c2000, xxi, 293 pp. ISBN 15-607-2778-0.

³⁰⁹ LIAO, Chun. *Governance structures of chinese firms: innovation, competitiveness, and growth in a dual economy*. S.l.: Springer, 2012, Innovation, Technology, and Knowledge Management. pp. 146. ISBN 978-146-1429-388.

³¹⁰ WANG, Zhikai. *The private sector and China's market development*. Oxford: Chandos, 2008, pp. 55. ISBN 978-184-3343-998.

³¹¹ FERNANDEZ, Juan Antonio a Leila FERNÁNDEZ-STEMBRIDGE. *China's state owned enterprise reforms: an industrial and CEO approach*. New York: Routledge, 2006, pp. 111. ISBN 04-154-0268-9.

were created the National Energy Administration and the National Energy Commission.³¹² Energy sector in China was crucial for economic growth which was crucial for the existence of China's authoritarian regime.³¹³ It also explains the reason why FDIs to oil sector were supported by Chinese central government as “the domestic structure of China’s political economy, especially in the energy sector, means that it relies heavily on state owned enterprises (SOEs) to achieve the country’s national economic objectives, namely securing foreign supplies of oil and refining oil products for domestic use. Within this state dominated approach, commercial decisions take place within a framework designed to entrench the dominance of SOEs, and the Chinese Communist Party’s (CCP) influence within these SOEs.”³¹⁴ Chinese national oil companies were generally under domestic pressure to be part of Five-Year Plan which pushed them to aggressive overseas expansions. During a few years CNOOC, CNPC and ONGC have become global players in oil industry “competing with the traditional international oil companies as well as with each other.”³¹⁵ We would argue that these companies were required to meet pre-planned commitments in order to contribute to social stability which was part of political stability. On the other hand PetroChina, SINOPEC and CNOOC were also

³¹² KONG, Bo. *China's international petroleum policy*. Santa Barbara, Calif.: Praeger Security International, c2010, pp. 162. ISBN 03-133-7792-8.

³¹³ SHAMBAUGH, David. *China's Communist Party: atrophy*. 1st pbk. print. Berkeley, Calif: University of California Press, 2009, pp. 33-34. ISBN 978-052-0260-078.

³¹⁴ LEE, John. China's Geostrategic Search for Oil. *The Washington Quarterly* [online]. 2012, vol. 35, issue 3, [cit. 2014-03-15]. pp. 75. DOI: 10.1080/0163660X.2012.706510. Retrieved from: <http://www.tandfonline.com/doi/abs/10.1080/0163660X.2012.706510>

³¹⁵ XU, Yi-chong: The Political Economy of SOEs in China and India. XU, Yi-Chong. *The political economy of state-owned enterprises in China and India*. New York, NY: Palgrave Macmillan, 2012, International Political Economy. pp. 14. ISBN 978-023-0360-747.

required to behave as commercial entities listed on world stock exchanges.³¹⁶

IV.4. Rare earths – rare coordination

The strategic importance of raw minerals in terms of economy but also military is less popularized than an emphasis posed on the importance of hydrocarbon energies in spite of that “raw materials are essential for the efficient functioning of Europe’s economy. However, whereas the importance of oil and gas has often been highlighted, the essential role of non-energy materials such as minerals and metals has not received equal attention.”³¹⁷ The raw materials initiative of the European Commission in 2008 generally identified challenges and threats for future competitiveness in 'The raw materials initiative (COM(2008) 699 final)'. Two issues were highly visible in the document – emerging markets and especially the foreign trade policy of China in the relation to extraction of raw materials: “From the beginning of the present century, a strong and unforeseen surge in demand, essentially driven by strong growth in emerging economies, led to a tripling of metal prices between 2002 and 2008. In particular China accounted for more than 50% of the growth in world consumption of industrial metals between 2002 and 2005. While the current effects of the financial crisis are leading to a slowdown of the growth of global demand for raw materials, it is expected that the growth levels of emerging countries in the future will

³¹⁶ KAMBARA, Tatsu a Christopher HOWE. *China and the global energy crisis: development and prospects for China's oil and natural gas*. Northampton, MA: Edward Elgar, c2007, pp. 47. ISBN 978-184-5429-669.

³¹⁷ Critical raw materials for the EU: Report of the Ad-hoc Working Group on defining critical raw materials. In: [online]. Brussels: European Commission, 2010, 30 July 2010 [cit. 2014-03-15]. pp. 11. Enterprise and Industry. Retrieved from: http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/report-b_en.pdf

maintain high pressure on raw materials demand.“³¹⁸ 'The raw materials initiative' admitted in its fourteen pages that the EU was highly dependent on imports of rare earths in 2008. The mentioned report 'Critical raw materials for the EU' from June 2010 more deeply analyzed the position of the EU where was underlined the fact that "Europe is highly dependent on imports for many raw materials which are increasingly affected by growing demand pressure from emerging economies and by an increasing number of national policy measures that disrupt the normal operation of global markets.”³¹⁹ Slightly after one month Bloomberg News announced on July 2010 that China cut export quotas rare earth by 72 percent³²⁰ – a decision which hugely affected world prices of rare earth.³²¹ Chinese restrictions were so serious that resulted to WTO dispute settlement as Japan, United States and European Union

³¹⁸ The raw materials initiative — meeting our critical needs for growth and jobs in Europe: {SEC(2008) 2741}. In: *COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL: COM(2008) 699 final* [online]. Brussels: COMMISSION OF THE EUROPEAN COMMUNITIES, 2008 [cit. 2014-03-15]. pp. 4. Retrieved from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0699:FIN:en:PDF>

³¹⁹ Critical raw materials for the EU: Report of the Ad-hoc Working Group on defining critical raw materials. In: [online]. Brussels: European Commission, 2010, 30 July 2010 [cit. 2014-03-15]. pp. 12. Enterprise and Industry. Retrieved from: http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/report-b_en.pdf

³²⁰ YU, Xiao. China Cuts Rare Earth Export Quota 72%, May Spark Trade Dispute With U.S. *Bloomberg News* [online]. 2010, Jul 9, 2010 [cit. 2014-03-15]. Retrieved from: <http://www.bloomberg.com/news/2010-07-09/china-reduces-rare-earth-export-quota-by-72-in-second-half-lynas-says.html>

³²¹ SCOTT, Jason. Rare Earth Prices Double in Two Weeks as China Seeks to Increase Control. *Bloomberg News* [online]. Bloomberg, 2011, Jun 17, 2011 [cit. 2014-03-15]. Retrieved from: <http://www.bloomberg.com/news/2011-06-17/rare-earth-prices-double-on-china-industrial-minerals.html>

requested consultations on March 2012.³²²

In March 2012 the European Commission also issued a press release 'EU challenges China's rare earth export restrictions'³²³ and almost identical 'EU challenges China's export restrictions on rare earths' at the same day.³²⁴ These documents followed after 'WTO Case on export restrictions of raw materials in China' from January 2012.³²⁵ Despite a firm position of EU Trade Commissioner Karel De Gucht on the dispute with China it seemed that the EU indicated a state of uncertainty and perplexity how to tackle even a more challenging position of China on this matter. During parliamentary questions on 20 March 2012 Mr. De Gucht admitted that "The Commission has made repeated attempts to engage with China in a dialogue on raw materials in general as well as on the specific issue of export restrictions at bilateral level as well as multilaterally. Despite these efforts, there has been no progress and the restrictions remain in place; some restrictions have even been

³²² China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum. WTO. *DISPUTE SETTLEMENT: DISPUTE DS433* [online]. World Trade Organization, © 2014, 24 September 2012 [cit. 2014-03-15]. Retrieved from:

http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds433_e.htm

³²³ EU challenges China's rare earth export restrictions: European Commission - IP/12/239. *European Commission* [online]. Brussels: European Commission, 2012, 13/03/2012 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_IP-12-239_en.htm

³²⁴ EU challenges China's export restrictions on rare earths: European Commission - MEMO/12/182. *European Commission: Press release* [online]. Brussels: European Commission, 2012, 13/03/2012 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_MEMO-12-182_en.htm?locale=en

³²⁵ WTO Case on export restrictions of raw materials in China: Commission Européenne - MEMO/12/58. *European Commission: Press release* [online]. Brussels: European Commission, 2012, 30 January 2012 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_MEMO-12-58_en.htm?locale=fr

tightened this year. China has also, among others, rejected to discuss global challenges of raw materials in the G20. However, efforts continue towards a satisfactory solution that would remove export restrictions and discriminatory measures, so as to ensure equal access for EU companies to raw materials.”³²⁶

On June 2012 the European Commission issued a press release called 'Greenland's raw materials potential and the EU strategic needs'. In this document the European Commission projected a cooperation with Greenland "on the EU critical raw materials list developed by the European Commission (niobium, platinum group metals, rare earths and tantalum) and moderate for further three elements.”³²⁷ However a certain level of idealism from the EU showed that "this coherent approach aimed at ensuring fair, undistorted and sustainable access to raw materials”³²⁸ wasn't fully rewarded from Greenland in spite of the EU-Greenland partnership (Council Decision 2006/526/EC of 17 July 2006).³²⁹ In this document as the area of common interest based on partnership were among

³²⁶ Parliamentary questions: Answer given by Mr De Gucht on behalf of the Commission. *Answer to a written question: Rare earth elements: trade dispute with China* [online]. Brussels: European Parliament, 2012, 27 April 2012 [cit. 2014-03-15]. Retrieved from: <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2012-003001&language=EN>

³²⁷ Greenland's raw materials potential and the EU strategic needs: Commission Européenne - MEMO/12/42. *EUROPA: Communiqués de presse* [online]. Brussels, 2012, 13 June 2012 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_MEMO-12-428_en.htm

³²⁸ Ibid.

³²⁹ 2006/526/EC: Council Decision of 17 July 2006 on relations between the European Community on the one hand, and Greenland and the Kingdom of Denmark on the other (Text with EEA relevance). *Official Journal L 208: 29/07/2006 pp. 0028 - 0031* [online]. Brussels: EURLEX, 2006, 29/07/2006 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_MEMO-12-428_en.htm

others mentioned mineral resources (Article 4, Areas of cooperation). However a legal document from the EU didn't impose any right over a third party but it just has projected an intention. The words of Greenland Prime Minister Kuupik Kleist addressed to the EU institutions have been not only compatible with the EU interests but more over in contradiction as he has stated that: "It's not fair to ask Greenland to play that kind of significant role in balancing the powers, like to protect others' interests more than protecting, for instance, China's [...]".³³⁰

As the response to Chinese decision on rare earth many countries adopted countermeasures not only on legal level but also on processing and extraction. The most aggressive was Japan because supply shortages would have affected its highly developed industry where these inputs are required. The EU along with the U.S. was also considering other options and alternative resources. However the whole story of Chinese export ban on rare earth minerals isn't about rare earths itself but it should serve as the example of possible impact on raw materials and highly inconvenient position of the EU in this matter or similar ones.

The foreign trade policy of China not only influenced the world prices of commodities and minerals but rather created them due to its pro-export production demands, internal infrastructure development,³³¹ stockpiling³³² or speculation.³³³

³³⁰ SHANLEY, Mia. Greenland rejects EU request to bar some states from rare earths. *Reuters* [online]. COPENHAGEN: Thomson Reuters, 2013, Jan 14, 2013 [cit. 2014-03-15]. Retrieved from: <http://www.reuters.com/article/2013/01/14/greenland-eu-idUSL6NoAJ84820130114>

³³¹ CHINA'S ECONOMIC GROWTH IS KEEPING THE SUPER CYCLE IN COMMODITIES INTACT, SAYS HANS GOETTI OF FINAPORT. *YouTube* [online]. YouTube - Google, 2013, 26. 11. 2013 [cit. 2014-03-15]. Retrieved

In spite of that John Maynard Keynes theories are mostly considered as outdated so his idea that "the important thing for government is not to do things which individuals are doing already, and to do them a little better or a little worse; but to do those things which at present are not done at all" has different meaning if we take into account that "the role of governments in supporting rare earth mining in their countries may become more necessary if, after rare earth mines in other countries have begun production, China floods the market and the prices of rare earth minerals fall sufficiently far that, without government support, the nascent rare earth mining companies become unprofitable."³³⁴

IV.5. Rising hunger for commodities

The U.S.-China Economic and Security Review Commission during the hearing in 2012 noted that "China's size and its large economy, its efforts to achieve these goals are likely to have, and are already having, noticeable impacts in international markets."³³⁵ A rapid Chinese industrialization

from: <http://www.youtube.com/watch?v=h5GERVAF3v8>

³³² FARCHY, Jack. China's copper stockpiles weigh on industry. *FT.com* [online]. The Financial Times Ltd, © 2014, April 7, 2011 [cit. 2014-03-15]. Retrieved from: <http://www.ft.com/intl/cms/s/0/05d0e5a8-6135-11e0-ab25-00144feab49a.html#axzz1dHKftsWg>

³³³ POOLE, James. Copper Declines on Speculation China, U.S. Slowdown Set to Reduce Demand. *Bloomberg News* [online]. Bloomberg, 2011, Aug 16, 2011 [cit. 2014-03-15]. Retrieved from: <http://www.bloomberg.com/news/2011-08-16/copper-drops-on-speculation-china-moderation-u-s-slowdown-to-hurt-demand.html>

³³⁴ KRISHNA-HENSEL, Sai Felicia. *New security frontiers: critical energy and the resource challenge*. Burlington, VT: Ashgate, c2012, pp. 126. Global interdisciplinary studies series. ISBN 978-1409419792.

³³⁵ SHEA, Dennis C. (chairman) and William A. REINSCH (vicechairman). Chinese State-Owned and State-Controlled Enterprises: Hearing before the U.S.-China Economic and Security Review Commision. In: [online]. Washington: United States-China Economic and Security Review Commision, 2012 [cit. 2014-03-15]. pp. 19. Retrieved from:

probably has closed forever a window of opportunity of cheap commodities already in the 1990s. Between 1962-2000 was among top importers of commodities Germany, Japan or the US but since 2000 these states have been substituted on top position by China in imports of soybean, iron ore, copper and non-ferrous ores.³³⁶ Clearly visible presence of Chinese national mining companies around the world including Latin America was a response to its rising dependence on external supplies in high quantity which are "no longer an issue that preoccupies China alone. The adverse effects of resources constraints on economic growth are increasingly evident."³³⁷ Chinese economic growth has become a closed circuit which couldn't be stopped because it gave to Chinese Communist Party a mandate to rule the country.

PRC is a large country of one political party. Such system facilitates an execution of decisions and has tendencies be more homogeneous.³³⁸ On the other hand is also more vulnerable to any social dynamism which would be provoked by economic strain. The income disparity within China was perceived by the conservative wing of Chinese leadership as a system/ideology breach which would contribute to social

<http://origin.www.uscc.gov/sites/default/files/transcripts/2.15.12HearingTranscript.pdf>

³³⁶ HERRERO, Alicia Garcia, Ferchen MATT and Mario NIGRINIS. *Evaluating Latin America's Commodity Dependence on China*. In: [online]. Hong Kong: BBVA – Working Paper Number 13/05, 2013, January, 2013 [cit. 2014-03-16]. pp. 5. Retrieved from: www.bbva-research.com/KETD/fbin/mult/WP_1305_tcm348-370500.pdf?ts=522013

³³⁷ LUOLIN, Wang, Liu GUOGANG and Jingwen LI (eds.). *The China economy yearbook: analysis and forecast of China's economy*. Leiden: Brill, 2008, pp. 259. ISBN 978-900-4156-388.

³³⁸ LIEBERTHAL, Kenneth. *Managing the China challenge: how to achieve corporate success in the People's Republic*. Washington, D.C.: Brookings Institution Press, c2011, pp. 19. ISBN 08-157-2204-4.

unrest – but it seemed that the vision of China as the world leader supported by economic growth prevailed.³³⁹ On the contrary, no serious discussions which would raise these concerns have been held. The Chinese central government exerted pressure to keep up economic growth in spite of that "lack of coordination between economic and social development, as well as imbalanced development between coastal and inland regions."³⁴⁰ Actually economic growth would have been crucial for PPC to maintain one-party system in the power because "the reform policies, especially reform policies in the economic field, are made not under the guidance of ideology but on the basis of social demands. Actually, Chinese Authoritarian governance is on the verge of becoming non-ideological."³⁴¹ The issue is more complex and behind a scope of this dissertation but we shouldn't rely only on the "accepted image in the West that CCP only sustains its rule on the twin pillars of economic growth and nationalism. To be sure, these are two key sources of its legitimacy - but they are far from sufficient explanations for its sustained ruling capacity."³⁴²

High volatility of world prices of commodities, hydrocarbon energies and minerals affected a final price of production output or/and its quantity. In an attempt to mitigate these negative effects China has adopted measures to gain control over foreign deposits and supplies in the long term strategy as

³³⁹ TIHUA, Jing: Analyzing Regional Economic Adjustments in the People's Republic of China. LIU, Guoli and Quansheng ZHAO (eds.). *Managing the China challenge: global perspectives*. London: Routledge, 2011, 261 s. Asian Security Studies. pp. 35. ISBN 978-041-5609-470.

³⁴⁰ Ibid., pp. 11.

³⁴¹ PRESTON, Peter and Jürgen HAACKE (eds.). *Contemporary China: the dynamics of change at the start of the new millennium*. New York: RoutledgeCurzon, 2003, pp. 183. ISBN 978-0700716371.

³⁴² SHAMBAUGH, David. *China's Communist Party: atrophy*. 1st pbk. print. Berkeley, Calif: University of California Press, 2009, pp. 3. ISBN 978-052-

it is proved by "the recent increase in Chinese investment in overseas resources projects [...] China will in the future also pursue more opportunities (through its SOEs) to obtain direct control of world natural resources in an effort to help China to stabilize its supply [...]." ³⁴³ In the Clayton Utz ³⁴⁴ report, 'Digging Deep: Chinese investment in Australian energy and resources' focused on the period between 2005 to 2013 is among key findings mentioned that Chinese "investments were to secure supply rather than gain a financial return – 78% of completed investments were for the purposes of securing supply." ³⁴⁵ This approach illustrates activities of Chinese companies (not limited to SOEs) around the globe which expanded its share with another record in 2012. ³⁴⁶ Jianwei Wang in his essay 'China's new frontier diplomacy' mentioned that "some Chinese analysts call countries in Latin America as the 'warehouse of raw materials' and 'suppliers of primary products.' The need for large quantity of natural resources to sustain China's economic development can be met by acquiring them from Latin America." ³⁴⁷

0260-078.

³⁴³ JIA, Xinting and Roman TOMASIC. *Corporate governance and resource security in China: the transformation of China's global resources companies*. London: Routledge, 2010, pp. 137. ISBN 978-0415453257.

³⁴⁴ Clayton Utz is the Australian commercial law firm.

³⁴⁵ LI, Jonathan. Digging Deep: Chinese investment in Australian energy and resources. *Clayton Utz Insights* [online]. Clayton Utz, © 2014, 14 March 2013 [cit. 2014-03-15]. Retrieved from: http://www.claytonutz.com.au/publications/edition/14_march_2013/20130314/digging_deep_chinese_investment_in_australian_energy_and_resources.page

³⁴⁶ SCISSORS, Derek. China's Global Investment Rises: The U.S. Should Focus on Competition. *Research* [online]. The Heritage Foundation, © 2014, January 9, 2013 [cit. 2014-03-15]. Retrieved from: <http://www.heritage.org/research/reports/2013/01/chinas-global-investment-rises-the-us-should-focus-on-competition>

³⁴⁷ WANG, Jianwei: China's New Frontier Diplomacy. GUO, Sujian Guo and Jean-Marc F. BLANCHARD (eds.). *"Harmonious world" and China's new*

It is understandable why Europe underestimated dependence on primary industrial inputs which "was not high, being 22 percent in the case of ores and metals. It was higher for agriculture raw materials and fuels, respectively 38 and 49 percent. Yet, most raw materials imported from developing countries had synthetic substitutes - synthetic rubbers and fibers - while production and distribution of fuels was solidly in the hands of multinational corporations controlled by US and European capital. [...] but a few exotic materials for which EC nations were absolutely dependent on imports could hardly change overall picture."³⁴⁸ Since that a situation has dramatically evolved and the U.S. and European corporations weren't any-more alone in Africa, Asia and Latin America or even on its own ground. State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the People's Republic of China register over one hundred corporations³⁴⁹ controlled by a Chinese central government. It can be named only a few which are well established abroad: China National Petroleum Corporation, China Petrochemical Corporation, China National Offshore Oil Corporation, China Minmetals Corporation or Aluminum Corporation of China. Some of them have established themselves in Latin America with a growing potential.

foreign policy. 1st pbk. ed. Lanham, Md: Lexington Books, 2010, 264 s. Challenges Facing Chinese Political Development. pp. 24. ISBN 978-073-9126-042.

³⁴⁸ GRILLI, Enzo R. *The European community and the developing countries*. Pbk. ed. Cambridge: Cambridge University Press, 1994, Trade and Development. pp. 142-144. ISBN 978-052-1478-991.

³⁴⁹ Central SOEs. *State-owned Assets Supervision and Administration Commission of the State Council (SASAC): the People's Republic of China* [online]. Beijing: SASAC [cit. 2014-03-15]. Retrieved from: <http://www.sasac.gov.cn/n2963340/n2971121/n4956567/index.html>

For example we can track a business activities of CNPC in Latin America - on October 1993 acquired a service contract for Block 7 of Peru's Talara Oilfield, on July 1995 acquired a service contract for Block 6 of Peru's Talara Oilfield, on June 1997 won tenders for the Intercampo Oilfield and Caracoles Oilfield in Venezuela, on April 2001 signed a cooperation agreement on the Orimulsion project with PDVSA, on November 2003 acquired a 45% stake in Block 1AB/8 from PLUSPETROL, on September 2005 purchased oil and gas assets of five blocks owned by Encana in Ecuador, on August 2006 Entered into a joint venture agreement with PDVSA to develop Zumano Oilfield, on march 2007 signed an agreement with PDVSA to expand cooperation in the Orinoco Oil Belt, on February 2008 established a joint venture with PDVSA to operate the MPE3 project, on November 2008 entered into an agreement with RECOPE to establish a joint venture refinery, on December 2010 signed a joint venture operation agreement with the Venezuelan Ministry of Energy and Petroleum on Block Junin 4 in the Orinoco Oil Belt³⁵⁰ and on November 2013 acquired entire shares of Petrobras Energia Peru S.A.³⁵¹

Chinese companies learned that tools and mechanism employed in Africa for the same motives weren't always effective in Latin American countries because among others "China's growing engagement with Latin America and the

³⁵⁰ CNPC in Latin America. In: *China National Petroleum Corporation Report* [online]. CNPC, 2013 [cit. 2014-03-15]. Retrieved from: http://www.cnpc.com.cn/en/press/publications/social/2012/PageAssets/Images/CNPC_in_Latin_America/o-CNPC%20in%20Latin%20America.pdf

³⁵¹ PetroChina acquires entire shares of Petrobras Energia Peru S.A. *CNPC: News Releases* [online]. China National Petroleum Corporation, © 2009-2011, 2013/11/15 [cit. 2014-03-15]. Retrieved from: http://www.cnpc.com.cn/News/en/press/newsreleases/201311/20131115_C1556.shtml?COLLCC=238388960&

Caribbean (the Western Hemisphere) lacks the deep historical ties of its relations with Southeast Asia and legacy of its Cold War friendships in Africa. China's growing interest in the region appears to be principally linked to its objective of gaining broader access to natural resources and agricultural commodities, such as oil, ores, and soybeans."³⁵² Generally we would agree with this view but it doesn't mean that Sino-Latin relations started by the beginning of twenty-first century. China was during Cold War in 1960s and 1970s interested in Latin America but its interest was mostly driven ideologically.³⁵³ Pro-Maoist groups left a largest ideological footprint in Perú where some leaders of Sendero Luminoso were educated in Maoism in China.³⁵⁴ Early ideas of Chinese revolution were also introduced to Mexico by a labor leader Vicente Lombardo Toledano.³⁵⁵ A subversive approach was ended with the failure of The Great Proletarian Cultural Revolution and Deng Xiaoping's economic reforms which also involved constructive approach to diplomatic relations as the inseparable condition.³⁵⁶ Sino-American Detente also encouraged Latin American countries to change their approach

³⁵² LUM, Thomas, Hannah FISCHER, Julissa GOMEZ-GRANGER and Anne LELAND. *Chinas Foreign Aid Activities in Africa, Latin America, and Southeast Asia*. In: [online]. Washington, DC: Congressional Research Service, 2009 [cit. 2014-03-15]. pp. 13. Retrieved from: <http://www.fas.org/sgp/crs/row/R40361.pdf>

³⁵³ ROTHWELL, Matthew D. *Transpacific revolutionaries: the Chinese revolution in Latin America*. New York: Routledge, 2013, pp. 27. ISBN 978-041-5656-177.

³⁵⁴ Ibid., pp. 49.

³⁵⁵ ROTHWELL, Matthew: *Transpacific Solidarities: A Mexican Case Study on the Diffusion of Maoism in Latin America*. ZHENG, Yangwen, Hong LIU and Michael SZONYI (eds.). *The Cold War in Asia: the battle for hearts and minds*. Boston: Brill, 2010, pp. 191. ISBN 90-041-7537-7.

³⁵⁶ GOODMAN, David S. *Deng Xiaoping and the Chinese revolution: a political biography*. New York: Routledge, 1994, pp. 91-92. ISBN 04-151-1253-2.

to China.³⁵⁷ Geopolitical changes in 1990s combined with economic changes in Latin American countries and rapid economic growth of China in 2000s gradually has changed overall picture. The Beijing's leadership saw Latin America much closer than previous decades³⁵⁸ and in the forefront was not only highly desirable crude oil but raw materials as well.

General knowledge on Chinese investments and loans abroad were mostly connected with activities in mining/extraction industry as it has been highly visible in Africa and later in South America. China in its effort to secure natural resources was also attracted by possibilities to strengthen its influence over resources with limited sensitivity to own financial consequences and local social impact. Despite cheap loans secured by state banks and easy access to cash reserves many Chinese state enterprises has been confronted with investment efficiency which “affected the quality of newly added assets and resulted in massive waste of money. Since reform came under way in China, state-owned enterprises have attached more importance to profits, market demand and the tightening up of domestic management, but little has been done to tackle the 'soft constraints' on enterprise finance, and it has been a chronic problem for enterprises to scramble for investment at the expense of economic returns.”³⁵⁹

³⁵⁷ SHIXUE, Jiang: The Chinese Foreign Policy Perspective. ROETT, Riordan and Guadalupe PAZ (eds.). *China's expansion into the western hemisphere: implications for Latin America and the United States*. Washington, D.C.: Brookings Institution Press, c2008, pp. 30. ISBN 08-157-7553-9.

³⁵⁸ BUNCK, Julie M.: China and Latin America: An Evolving Military Dynamic. KAVALSKI, Emilian (ed.). *China and the global politics of regionalization*. Burlington, VT: Ashgate, c2009, The International Political Economy of New Regionalisms. pp. 192-193. ISBN 07-546-9845-9.

³⁵⁹ JIANG, Xiaojuan. *FDI in China: contributions to growth, restructuring, and competitiveness*. New York: Nova Science Publishers, c2004, China in

As a newcomer to world markets with commodities PRC had to accept less plentiful deposits and/or politically unstable or incorrect partners from the Western point of view. Chinese global strategy to secure minerals and energies would be called adventurous. Countries like Afghanistan, Zambia a Democratic Republic of Congo have been considered as risky territories for foreign investors but China was obviously willing to extract resources no matter the possible loss. On the other hand Latin America countries posed relatively a lesser risk to Chinese global interests in securing commodities than in Africa - in spite of many challenges such as among others local ethnic tensions, popular protests and populist political decisions which are still better controlled than armed conflicts. Chinese employees repeatedly experienced in Africa attacks which even resulted to deaths as happened to Zhongyuan Petroleum Engineering Co. Ltd, Sinopec (ZPEB) during 2006 in Ethiopia³⁶⁰ or to China National Petroleum Corporation (CNPC) in Sudan during 2008.³⁶¹

Extraction of crude resources and especially mineral bears also a high risk to clash with local communities often on environmental or territorial bases. These challenges not limited to Chinese companies have been tackled before by companies from the US or Europe over decades with mixed results. An example of how serious would be impacts of social unrest provide a mining project Conga³⁶² in Peru under owner

the 21st century (Commack, N.Y.). pp. 19. ISBN 978-1590338940.

³⁶⁰ KONG, Bo. *China's international petroleum policy*. Santa Barbara, Calif.: Praeger Security International, c2010, pp. 112. ISBN 03-133-7792-8.

³⁶¹ SHINN, David Hamilton and Joshua EISENMAN. *China and Africa: a century of engagement*. 1st ed. Philadelphia: University of Pennsylvania Press, pp. 180. ISBN 978-081-2244-199.

³⁶² YANACocha: *Proyecto Conga* [online]. Sociedad Nacional de Minería Petróleo y Energía [cit. 2014-03-15]. Retrieved from:

majority of Newmont Mining Corporation³⁶³ which is based in the US. A culmination of problems connected to the environment pollution issues led to local clashes with results of insured persons and even deaths.³⁶⁴ The situation has been so serious that Congress of the Republic of Peru imposed in August 2012 Martial Law which was approved by President Ollanta Humala Tasso³⁶⁵ and this government provision had been acknowledged by Public Defendor of Peru.³⁶⁶

Similar challenges of Chinese and Western companies as described in the example above were for China less limited because "the United States and other allies are rightly appealed at the consequences for regional conflict, support for terrorist groups, violation of human rights, and oppression. These concerns take on additional weight as provision of equity capital and loans in return for natural resources form part of China's larger global procurement strategy, encompassing Central Asia, the Middle East, Africa, Latin America, and the South Pacific."³⁶⁷ However Chinese position

<http://www.yanacocha.com.pe/proyecto-conga/>

³⁶³ *Newmont Mining Corporation* [online]. Newmont Mining Corporation, © 2014 [cit. 2014-03-15]. Retrieved from: <http://www.newmont.com/>

³⁶⁴ Muertos en Cajamarca suben a 5, mientras la región vive en un clima de tensión. [online]. Todos los derechos reservados - 2013, 06 de julio de 2012 [cit. 2014-03-15]. Retrieved from: <http://www.larepublica.pe/06-07-2012/muertos-en-cajamarca-suben-5-mientras-la-region-vive-en-un-clima-de-tension>

³⁶⁵ Perú. El Decreto Supremo N°082-2012-PCM. In: *Normas Legales del Diario Oficial El Peruano*. Retrieved from: [http://www2.congreso.gob.pe/Sicr/TraDocEstProc/Contdoc01_2011.nsf/0/942380bf9doa330705257a520071e917/\\$FILE/DS00082060812.pdf](http://www2.congreso.gob.pe/Sicr/TraDocEstProc/Contdoc01_2011.nsf/0/942380bf9doa330705257a520071e917/$FILE/DS00082060812.pdf)

³⁶⁶ Perú. PRONUNCIAMIENTO: Apoyo a la labor de los facilitadores en el caso del proyecto Conga. In: Lima: DEFENSORIA DEL PUEBLO, 6 de agosto de 2012. Retrieved from: <http://www.defensoria.gob.pe/modules/Downloads/documentos/pronunciamento-06-08-2012.pdf>

³⁶⁷ MORAN, Theodore H. *China's strategy to secure natural resources:*

on these issues wasn't driven just by economic interests but also foreign policy was involved including internal affairs. Due to these reasons "China also postured that the call for human rights and democracy was a ploy by the hegemonic West to increase their influence in the Third World."³⁶⁸

In other words Chinese companies were less sensitive to issues which would be problematic for OECD countries as stipulated in a 'Convention on Combating Bribery of Foreign Public Officials in International Business Transactions'³⁶⁹ which has been ratified in 2013. The EU at least on the EC level carefully projected its concerns when Karel De Gucht, European Commissioner for Trade, during Summit of the European Union and the Community of Latin American and Caribbean States (EU-CELAC Summit)/ in Santiago, Chile on 26 January 2013 said that "we encourage all of our trading partners to sign up to the OECD's guidelines on corporate social responsibility for multinational companies. On top of all this there are some areas that require a special focus. That is why Europe is exploring ways to ensure companies carry out due diligence on their supply chain for minerals originating in conflict and high-risk areas. Open trade in raw materials is a vital pillar of the world economy but it does not have to encourage conflict and misery for the world's most vulnerable."³⁷⁰ Commissioner

risks, dangers, and opportunities. Washington, DC: Peterson Institute for International Economics, c2010, Policy analyses in international economics, 92. pp. 46. ISBN 978-0881325126.

³⁶⁸ TAYLOR, Ian. *China and Africa: Engagement and Compromise*. London: Taylor, 2009, Routledge Contemporary China. pp. 65. ISBN 978-0415545525.

³⁶⁹ CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS and Related Documents. In: [online]. OECD, 2011, 1 November 1997 [cit. 2014-03-15]. Retrieved from: http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf

³⁷⁰ DE GUCHT, Karel. Trade, Investment and Sustainable Prosperity:

Karl de Gucht projected again his concerns during his speech on 'Responsible Sourcing of Minerals from Conflict-Affected Regions' where he said: "While it is true that the Great Lakes region remains the most terrifying example of the problem it is certainly not the only one, as we have seen with other examples in Latin America, and we cannot exclude other regions in future either. In fact, the Heidelberg Institute estimates that some 20% of global conflicts are linked to natural resources. So we need broad coverage if we want to be effective. Broad coverage will also help avoid the potential negative consequences I already mentioned. We should not stigmatize certain regions and risk shutting them out of global markets."³⁷¹

IV.6. Infrastructure – veins of trade

A case of Brazil and Bolivia has indicated how difficult task is to achieve the regional infrastructure within Latin America. The main objective of a projected road between Brazil and Chile is to streamline a transportation network. For Brazil is attractive to transport more effectively a broad range of commodities to ports in Chile and then literally anywhere to Pacific region. However Brazilian pragmatic intention to build the road through Bolivia was during 2011 challenged by the indigenous protests. Fons et origo of disagreements consisted in internal Bolivian political situation. In this case it was about a tension between the central government and the

SPEECH/13/47. Summit of the European Union and the Community of Latin American and Caribbean States (EU-CELAC Summit) [online]. Santiago, Chile: European Commission, 2013, 26 January 2013 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_SPEECH-13-47_en.doc

³⁷¹ DE GUCHT, Karel. Conflict Minerals: The Need to Act - SPEECH/13/673. *Speech: Conflict Minerals: The Need to Act* [online]. Brussels: European Commission, 2013, 3 September 2013 [cit. 2014-03-15]. Retrieved from: http://europa.eu/rapid/press-release_SPEECH-13-673_en.htm

indigenous community³⁷² which is not uncommon in other countries of Latin America. The role of the Brazilian government in this project highlights deepening involvement in the internal matters of other countries within South America. Brazil has positioned itself as an informal leader in the region bringing the vision of regional integration³⁷³ and a low profile of Brazilian foreign policy was reflected in the government statement on the suspended project³⁷⁴ but internal dynamism in Bolivia encouraged discussion on this issue.³⁷⁵

Bolivia wasn't purely a matter of challenge for regional integration because of ethnic tensions. A large territory of the country is mountainous and under such conditions is any development of infrastructure technically difficult.³⁷⁶ A limited input of financial support to logistic in Bolivia contributed to "a main restriction to the development of railway transport [...], which does not allow the creation of a railway transit corridor. This deficiency also impedes all railway transport from the Eastern lowlands towards Pacific ports [...]." ³⁷⁷ In

³⁷² PETRAS, James F. and Henry VELTMEYER. *Social movements and state power: Argentina, Brazil, Bolivia, Ecuador*. London ; Ann Arbor, MI, 2005, pp. 192. ISBN 07-453-2422-3.

³⁷³ ROETT, Riordan. *The new Brazil*. Pbk. ed. Washington, D.C.: Brookings Institution Press, c2011, pp. 130. ISBN 978-081-5721-680.

³⁷⁴ Situação na Bolívia: Nota nº 345. [online]. Ministério das Relações Exteriores - Brasil, 2011, 26/09/2011 [cit. 2014-03-15]. Retrieved from: <http://www.itamaraty.gov.br/sala-de-imprensa/notas-a-imprensa/situacao-na-bolivia>

³⁷⁵ SACCOMANDI, Humberto. Por que os vizinhos desconfiam do Brasil?. [online]. Valor Economico, 2011, 28/07/2011 [cit. 2014-03-15]. Retrieved from: <http://www.valor.com.br/arquivo/900885/por-que-os-vizinhos-desconfiam-do-brasil>

³⁷⁶ GALLUP, John Luke, Alejandro GAVIRIA and Eduardo LORA (eds.). *Is geography destiny?: lessons from Latin America*. Washington, DC: World Bank, c2003, Latin American Development Forum. pp. 85. ISBN 08-047-4927-2.

³⁷⁷ WILMSMEIER, Gordon a Ricardo J. SÁNCHEZ. *Landlocked countries in*

other words Bolivia with its fragmented infrastructure was a challenge not only for its own internal economic growth but also for the intraregional and inter-regional economic growth as have been mentioned above in case of the infrastructure road project Brazil-Chile.

Chinese trade with Chilean copper would lead to underestimate Chinese interest in Chile itself which is definitely a strategic interest in terms of access to ports and sea routes on Pacific side of South American continent. These Pacific ports are highly important to China as they provide gates to import and export trade because "Chile is strategically significant to China, not only as a supplier of copper and other minerals, but also in respect to its foodstuffs, and in terms of its commercially developed Pacific ports, which provide potential Chinese access to a number of Latin American markets."³⁷⁸ China already manifested its will and military capability in the Pacific region where "the country's first naval crossing of the Pacific took place in early 1997."³⁷⁹ Chile would be a for China a logical choice as IIRSA projected that "almost 40 per cent of overall investment is allocated in the Mercosur-Chile hub. Put together, the Mercosur-Chile hub and the Peru-Brazil-Bolivia hub concentrate over 56 per cent of all IIRSA investment."³⁸⁰

South America: transport system challenges [online]. Santiago, Chile: Naciones Unidas CEPAL, Natural Resources and Infrastructure Division, 2009 [cit. 2014-03-16]. pp. 19. ISBN 978-921-1216-943. Retrieved from: <http://www.eclac.org/drni/publicaciones/xml/9/36359/lcl3019i.pdf>

³⁷⁸ ELLIS, Robert Evan. *U.S. national security implications of Chinese involvement in Latin America*. Strategic Studies Institute, 2005, pp. 9. ISBN 1-58487-198-9. Retrieved from: <http://www.strategicstudiesinstitute.army.mil/pdffiles/pub606.pdf>

³⁷⁹ SHAMBAUGH, David L. *Power shift: China and Asia's new dynamics*. Berkeley: University of California Press, c2005, pp. 258. ISBN 9780520245709.

³⁸⁰ DIJCK, Pitou van. *The impact of the IIRSA road infrastructure programme on Amazonia*. New York: Routledge, 2013, pp. 15. ISBN 978-

A development of infrastructure between Brazil and Chile is everything but accidental. Chile as one of the most developed Latin American countries used a relative geographical disadvantage as an advantage. A long and narrow territory which is hard to defend always has been for Chile a bottleneck. Chile also shares with its neighbors a historical burden which mostly due to nationalist positions prevented to reach any agreement. A historical analysis from Ronald Bruce St. John illustrates these difficulties: "Less than a decade later, the Bolivian government for the first time tied its interest in an outlet to the sea to an outstanding dispute with Chile over the use of the Lauca River. [...] Three years later Brazilian President Ernesto Geisel suggested that a corridor for Bolivia through the Chilean city Arica might be an acceptable solution to Bolivia's landlocked condition. This proposal stalled when the Peruvian government objected to the plan on the grounds that Chile could not offer Bolivia an exit to the sea through former Peruvian territories without prior Peruvian consent."³⁸¹ Chilean territorial disputes with Argentina, Bolivia and Peru with roots in history were real challenges for a development of cross border infrastructure and in some way also for an appropriate development of domestic infrastructure in decentralized regions or landlocked territories. However the main interest in intraregional integration of infrastructure had Brazil which saw an opportunity to deeper trade ties with China and the Brazilian logistical disadvantage was obvious – geographical position opened only to Atlantic side with

0415531085.

³⁸¹ JOHN, St. Ronald Bruce. The Bolivia-Chile-Peru Dispute in the Atacama Desert. In: *The Bolivia-Chile-Peru dispute in the Atacama Desert* [online]. Durham, UK: International Boundaries Research Unit, University of Durham, 1994 [cit. 2014-03-16]. Boundary and Territory Briefing, Volume 1 Number 6. pp. 20. ISBN 1897643144. Retrieved from: <https://www.dur.ac.uk/ibru/publications/view/?id=205>

maritime access through the Straits on South or through the Isthmus in Central America. The vision of stronger trade ties between China and Brazil has got a new impulse at the end of 2004.

During 11-23 November, 2004, Chinese President Hu Jintao made a state visit of four Latin American countries (Brazil, Argentina, Chile and Cuba) as he has participated on the 12th Informal Summit of Asia-Pacific Economic Cooperation (APEC) in Santiago de Chile followed by visits of five South American countries conducted by Vice President Zeng Qinghong in January 2005 – something "highly unusual for the president and vice president to visit one region in merely two months in the Chinese diplomatic history."³⁸² Slightly after this visit Chinese Foreign Minister Li Zhaoxing commented on "the Fruitful Results Of President Hu Jintao's Trip to Latin America".³⁸³ While in case of Cuba was confirmed "to continuously consolidate and develop China-Cuba traditional friendly cooperation"³⁸⁴ so in case of Brazil has been said that "President Hu declared with President Lula that both sides will replenish and deepen China-Brazil strategic partnership [...]."³⁸⁵ Chinese president Hu Jintao delivered an important speech with a title 'Joining Hands to Enhance Friendship

³⁸² WANG, Jianwei: China's New Frontier Diplomacy. GUO, Sujian Guo and Jean-Marc F. BLANCHARD (eds.). *"Harmonious world" and China's new foreign policy*. 1st pbk. ed. Lanham, Md: Lexington Books, 2010, Challenges Facing Chinese Political Development. pp. 22. ISBN 978-073-9126-042.

³⁸³ Foreign Minister Li Zhaoxing Comments on the Fruitful Results Of President Hu Jintao's Trip to Latin America. *Ministry of Foreign Affairs - PRC* [online]. Beijing: Ministry of Foreign Affairs, the People's Republic of China, ©1998-2005, 2004/11/26 [cit. 2014-03-16]. Retrieved from: <http://www.fmprc.gov.cn/eng/topics/huvisit/t172349.shtml>

³⁸⁴ Ibid., webpage.

³⁸⁵ Ibid., webpage.

between and to the Brazilian Parliament'.³⁸⁶ In his speech president Hu Jintao underlined that "Brazil is the first stop of my visit to the Latin American countries" and also reminded that "the two largest developing countries in the east and west hemispheres, joined hands historically to establish diplomatic relations."³⁸⁷ Symbolism of acknowledging Brazil as a partner in terms of regional influence was indicated by term 'Latin America'. President Hu Jintao during his speech quoted CEPAL when he mentioned that "the report of the Economic Commission for Latin America and Caribbean (ECLAC) also points out that the economic growth of clearly fuels the economic development in Latin America."³⁸⁸

Eight years later Executive Secretary CEPAL Alicia Bárcena have been more careful about assessments of Chinese impact on Latin America when she observed that "despite the region's closer trade and investment ties with China, the quality of its trade integration into the global economy has not improved. The expansion of the sectors associated with natural resources has not boosted the development of new technological capacities in the region and the productivity gap with the countries that are considered to be at the forefront in that regard has widened."³⁸⁹ In top 10 world containers ports are six

³⁸⁶ Hu Jintao Addresses the Brazilian Parliament (Full Text): Joining Hands to Enhance Friendship between China and Latin America Speech by Chinese President Hu Jintao at the Brazilian Parliament November 12, 2004. *Ministry of Foreign Affairs - PRC* [online]. Beijing: Ministry of Foreign Affairs, the People's Republic of China, ©1998-2005, 2004/11/26 [cit. 2014-03-16]. Retrieved from: <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t170363.htm>

³⁸⁷ Ibid., webpage.

³⁸⁸ Ibid., webpage.

³⁸⁹ KUWAYAMA, Mikio a Osvaldo ROSALES. *China and Latin America and the Caribbean: building a strategic economic and trade relationship* [online]. Santiago: Economic Commission for Latin America and the Caribbean (ECLAC), United Nations, 2012 [cit. 2014-03-16]. pp. 13. ISBN

ports from mainland China (seven ports including Hongkong) and in top 50 world container ports during 2011-2012 were finally three ports from Latin America. Port Colon and port Balboa occupied position 40 and 41³⁹⁰ and only one port from South America Santos, Brazil occupied position 42.³⁹¹ These data indicate that Latin American countries were dependent on export of unpackaged bulk cargo – in other words on primary raw materials or non-processed products with lower value. Brazil in Top 20 Exporters of Containerized Cargo, 2009 and 2010 (Table 12) is positioned on 10th place (to compare: China 1st place, Germany 7th place and Netherlands 16th place).³⁹² However container cargo especially in case of Brazil would be disputed as an indicator of value added products because containers were being used among others for transport of agriculture products.³⁹³ It doesn't mean that Brazilian export were limited to primary raw materials as Brazil produced also high value added products among others air-planes, vehicles or processed meat but even highly market protectionist Brazil was

978-921-0210-829. Retrieved from:

http://www.cepal.org/publicaciones/xml/6/46566/China_Latin_America_Caribbean_trade_relationship_2012.pdf

³⁹⁰ Due to the geographical position of Panama Canal where are situated both international transfer terminals.

³⁹¹ Top 50 World Container Ports. *World Shipping Council* [online]. World Shipping Council, © 2014 [cit. 2014-03-16]. Retrieved from: <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>. Source data: The Journal of Commerce, August 20, 2012 and August 19, 2013 and ports.

³⁹² Top 20 Exporters of Containerized Cargo, 2009 and 2010. *World Shipping Council* [online]. World Shipping Council, © 2014 [cit. 2014-03-16]. Retrieved from: <http://www.worldshipping.org/about-the-industry/global-trade/top-50-world-container-ports>. Source data: The Journal of Commerce, August 20, 2012 and August 19, 2013 and ports.

³⁹³ Brazil's Rio Grande terminal starts containerization project. *SeeNews* [online]. Copyright AII Data Processing 2014, May 13, 2013 [cit. 2014-03-16]. Retrieved from: <http://shipping.seenews.com/news/brazils-rio-grande-terminal-starts-containerization-project-352680>

under external pressure where "slow growth has been accompanied by a loss of competitiveness, leading to massive imports of Chinese goods, for example – and to a self-defeating protectionist reaction."³⁹⁴

If China is primarily focused on import of mineral resources and agricultural products from Latin America and on export of Chinese products to Latin America³⁹⁵ so it is obvious that any improvements of infrastructure is crucial in order to gain higher level of comparative advantages in the region. The Economist created a map called 'String of Chinese pearls'³⁹⁶ - a term borrowed from The Strategic Studies Institute of the U.S. Army War College³⁹⁷ used to describe ports owned, controlled or influenced by China (but not limited just to sea lines stretched between mainland China and Sudan). Based on this map China is well established logically from a territorial point of view in Asia and partially in Africa, Europe (Belgium -

³⁹⁴ LAMPREIA, Luiz Felipe. Exhausted Brazil. *Project Syndicate* [online]. Project Syndicate, © 1995–2014, JUN 30, 2013 [cit. 2014-03-16]. Retrieved from: <http://www.project-syndicate.org/commentary/the-causes-of-popular-protest-in-brazil-by-luiz-f-lampreia>

³⁹⁵ ECLAC. *The People's Republic of China and Latin America and the Caribbean Dialogue and cooperation for the new challenges of the global economy* [online]. Santiago: ECLAC, 2012, [cit. 2014-03-16]. Institutional books, LC/L.3506. pp. 35-36. Retrieved from: <http://www10.iadb.org/intal/intalcdi/PE/2012/10448.pdf>

³⁹⁶ The new masters and commanders: China's growing empire of ports abroad is mainly about trade, not aggression. *The Economist* [online]. The Economist Newspaper Limited, © 2014, Jun 8th 2013 [cit. 2014-03-16]. Retrieved from: <http://www.economist.com/news/international/21579039-chinas-growing-empire-ports-abroad-mainly-about-trade-not-aggression-new-masters>

³⁹⁷ PEHRSON, Christopher J. *String of pearls: meeting the challenge of China's rising power across the Asian littoral* [online]. Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2006, [cit. 2014-03-16]. ISBN 1-58487-250-0. Retrieved from:

Antwerp, Greece – Piraeus) is on the map together with two Pacific ports in the US (Seattle, Los Angeles). However in Latin America there isn't any 'Chinese Pearl' - at least not yet by The Economist.³⁹⁸ The reasons behind this would be that China preferred until now to exploit other regions due to its geographical, political and economic interests.

High transport and communication costs in combination with lower PPP GNI ³⁹⁹ of Latin America countries weren't so favorable when compared to the U.S. and the EU. Between China and the US it is over the Pacific Ocean 10.600 km but between China and Chile it is already 18.800 km and in case of Brazil it is 20.000 km.⁴⁰⁰ Data for PPP GNI per capita⁴⁰¹ from 2012 also didn't favor Latin America countries: Brazil (\$US 11.720), Peru (\$US 10.240), Venezuela (\$US 13.170), only Chile was an exception (\$US 21.310).⁴⁰² However the US (\$US 50.610) and the EU, selectively for example Germany (\$US 41.890) or France (\$US 36.720), were probably for China more attractive in spite of the US Financial Crisis and Eurozone Crisis which both caused for short period lower demands for

<http://www.strategicstudiesinstitute.army.mil/pdffiles/pub721.pdf>

³⁹⁸ Hutchison Whampoa Ltd. operates the ports of Cristobal and Balboa (both Panama), Buenos Aires Container Terminal Services S.A. (Argentina) and facility at Port of Lazaro Cardenas (Mexico).

³⁹⁹ Gross national income converted to international dollars using purchasing power parity rates.

⁴⁰⁰ HERRERO, Alicia Garcia. A new international order of commodity markets: The role of Asia and Latin America. In: PowerPoint Presentation[online]. Hong Kong: BBVA, 2009, July 2009 [cit. 2014-03-16]. Retrieved from:
http://www.bbvaresearch.com/KETD/fbin/mult/090717_Commodities_Asia_Latam_v3_tcm348-198626.pdf?ts=9112013

⁴⁰¹ GNI per capita, PPP (current international \$). *GNI - Data - Table* [online]. The World Bank Group [cit. 2014-03-14]. Retrieved from:
<http://data.worldbank.org/indicator/NY.GNpp.PCApp.Ppp.CD>

⁴⁰² Compare to PPP GNI per capita of the Czech Republic for 2012 (24.710 \$US).

Chinese products but this period has been almost immediately followed by higher imports in case of the EU27.⁴⁰³

Having in mind high transport costs between China and South America it is necessary to additionally mention the Panama Canal because “simply from a logistical perspective, there exist sizable geographic and technical barriers that limit Chinese exploitation of the region's energy reserves. [...] Since most supertankers cannot pass through the Panama Canal, oil from Venezuela takes an estimated 44 days to reach China, almost 40 days longer than it takes to reach the United States.”⁴⁰⁴ On both coastal sides of South America are available many deep water ports but only a few can accommodate post-Panamax ships.⁴⁰⁵ In 2006 ACP issued a working document “Proposal for the Expansion of the Panama Canal, Third Set of Locks

⁴⁰³ Statistics: China-EU27 import-export. EUROPEAN COMMISSION. *Trade: Export Helpdesk* [online]. Brussels: European Commission, 2013, 28/05/2013 [cit. 2014-03-16]. Retrieved from: http://exporthelpp.europa.eu/thdapp/comext/ComextServlet?action=output&viewName=eur_partners&simDate=20120101&languageId=en&list_years=2012&list_years=2011&list_years=2010&list_years=2009&list_years=2008&list_years=2007&measureList=iv&measureList=iq&measureList=isq&measureList=ev&measureList=eq&measureList=esq&cb_reporters=EUR27&cb_partners=0720&ahscode1=00

⁴⁰⁴ JOHNSON, Gregg B. and Jesse T. WATSON: China, Latin America, and the United States: The political Economy of Energy Policy in the Americas. CURRIER, Carrie Liu and Manochehr DORRAJ (eds.). *China's energy relations with the developing world*. New York: Continuum, 2011, pp. 136. ISBN 14-411-4104-9.

⁴⁰⁵ Panamax ships are defined by limits the Panama Canal which can't accommodate vessels adequate to the size of its capacity mostly in terms of size but also due other limits. Conditions on ships are in detail specified by ACP (Autoridad del Canal de Panamá). See also: AUTORIDAD DEL CANAL DE PANAMÁ. *MR NOTICE TO SHIPPING No. N-1-2005: Vessel Requirements* [online]. Balboa-Ancón: Autoridad del Canal de Panamá, 2005, January 1, 2005 [cit. 2014-03-16]. Retrieved from: <http://www.pancanal.com/eng/maritime/notices/no1-05.pdf>

Project”⁴⁰⁶ with a plan for post-Panamax container vessels of nominal capacity of 12.000 TEUs.⁴⁰⁷ Until the expansion of Panama Canal (to be finished in 2015) limit the canal's lock chambers the size of vessels.⁴⁰⁸ Reducing shipping costs by access for post-Panamax (more than double TEU capacity of Panamax ships) to navigate through Panama Canal⁴⁰⁹ would be an advantage for Chinese trade with Argentina and Brazil because “South America represents a remarkable potential for additional volumes and transshipment activities. Therefore, the expanded Panama Canal will not face a ‘business as usual’ situation, but the new rules of the global trade game are not clear.”⁴¹⁰ However due to PPP GNI and GDP factor the expansion of Panama Canal would have higher impact on the US East coast and West coast terminals and the EU ports. On the other the expansion of the Panama Canal would be beneficial mostly to East Asia as the US and the EU infrastructure is already well developed. Domínguez in 2006

⁴⁰⁶ See also: PANAMA CANAL AUTHORITY. *Proposal for the Expansion of the Panama Canal: Third Set of Locks Project* [online]. Balboa-Ancón: Panama Canal Authority, 2006, April 24, 2006 [cit. 2014-03-16]. Retrieved from:
<http://www.acpp.gob.pa/eng/plan/documentos/propuesta/acp-expansion-proposal.pdf>

⁴⁰⁷ TEU is an abbreviation for twenty-foot (in metrics units 6.1 m) long standard-sized metal container used for seas and land transportation.

⁴⁰⁸ PANAMA CANAL AUTHORITY. *OP'S ADVISORY TO SHIPPING No. A-02-2009: Dimensions for Future Lock Chambers and “New Panamax” Vessels* [online]. Balboa-Ancón: Panama Canal Authority, 2009, January 19, 2009 [cit. 2014-03-16]. Retrieved from:
<http://www.pancanal.com/common/maritime/advisories/2009/a-02-2009.pdf>

⁴⁰⁹ Tariffs of Panama Canal is another factor of competitive pricing with regards to transport alternatives as rail-roads or trans-shipments.

⁴¹⁰ RODRIGUE, Jean-Paul and Theo NOTTEBOOM. The Panama Canal expansion: business as usual or game-changer? Port Technology International 51. pp. 10-12 . In: Port Technology International. 2010. ICG Publishing: London. ISSN 1358-1759. Retrieved from:

noted that “China is the third most frequent user of the Panama canal [...]”⁴¹¹

V. COUNTRY CASE STUDIES

V.1. Brazil

Negotiations on Free Trade Area of the Americas in the US 2003 followed by other negotiations in Argentina 2005 were marked by failures. Similar negative positions of countries of Latin America were also presented in negotiations between the EU and MERCOSUR which collapsed during 2004 in spite of that the EU negotiators completed the offer⁴¹² and representatives called for the re-launch⁴¹³ with no major success. The EU disappointed with negotiations on FTA with MERCOSUR re-evaluated its possibilities within the region has chosen bilateral negotiations with the most important economy in the region – Brazil. On May 2007 the European Commission issued 'Communication from the Commission to the European Parliament and the Council - Towards an EU-Brazil Strategic Partnership' where was among others stipulated that “[...] Brazil has become an increasingly significant global player and emerged as a key interlocutor for the EU. However, until

<http://www.vliz.be/nl/open-marien-archieff?refid=226311>

⁴¹¹ DOMÍNGUEZ, Jorge I. China's Relations with Latin America. In: *Working Paper* [online]. Washington, DC: Inter-American Dialogue, 2006 [cit. 2014-03-22]. pp. 17. Retrieved from:

<http://www.thedialogue.org/PublicationFiles/china.pdf>

⁴¹² EU-Mercosur: EU presents its completed offer to Mercosur in on-going trade talks. *Directorate General for Trade* [online]. Brussels: the European Union, 2004, 12 Mar 2014 [cit. 2014-03-12]. Retrieved from: http://trade.ec.europa.eu/doclib/docs/2004/september/tradoc_119163.pdf

⁴¹³ Mercosur-EU Business Forum calls for the re-launch of the EU-Mercosur negotiations: Brussels, 31 January 2005. *Directorate General for Trade* [online]. Brussels: the European Union, 2005, 12 Mar 2014 [cit. 2014-03-12]. Retrieved from: http://trade.ec.europa.eu/doclib/docs/2005/february/tradoc_121345.pdf

recently EU-Brazil dialogue has not been sufficiently exploited and carried out mainly through EU-Mercosur dialogue. Brazil will be the last “BRICS” to meet the EU in a Summit. The time has come to look at Brazil as a strategic partner as well as a major Latin American economic actor and regional leader.”⁴¹⁴ Strategic partnership of EU-Brazil has taken place in 2007 but strategic partnership China-Brazil was already announced in November 1993 – it means that the EU recognized the importance of Brazil about 14 years later than Beijing which upgraded a strategic partnership later in 2012 to a comprehensive strategic partnership. Similar approach has chosen the US when in 2012 together with Brazil announced the U.S.-Brazil Strategic Energy Dialogue.⁴¹⁵

The preamble of the communique 'Towards an EU-Brazil Strategic Partnership' summarized challenges which led to this decision and the document itself indicated to other members of MERCOSUR/South American countries their relative unimportance.⁴¹⁶ For the EU was important to make the progress in mutual trade negotiations as well as for Brazil

⁴¹⁴ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL: Towards an EU-Brazil Strategic Partnership. In: *COM(2007) 281 final* [online]. Brussels: EN COMMISSION OF THE EUROPEAN COMMUNITIES, 30.5.2007 [cit. 2014-03-17]. pp. 1. Retrieved from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0281:FIN:EN:PDF>

⁴¹⁵ Fact Sheet: The U.S.-Brazil Strategic Energy Dialogue. *The White House: Office of the Press Secretary* [online]. Washington, DC: The White House, April 09, 2012 [cit. 2014-03-22]. Retrieved from: <http://www.whitehouse.gov/the-press-office/2012/04/09/fact-sheet-us-brazil-strategic-energy-dialogue>

⁴¹⁶ MALAMUD, Andrés: Moving Regions: Brazil's Global Emergence and the Redefinition of Latin American Borders. RIGGIROZZI, Pía and Diana TUSSIE (eds.). *The rise of post-hegemonic regionalism: the case of Latin America*. 1st ed. New York: Springer, 2011, United Nations University Series on Regionalism (Book 4). pp. 178-179. ISBN 978-9400726932.

because "in 2007, Brazil experienced its first negative trade deficit with China. Although the large amount of raw materials exports to China masks Brazil's huge trade deficit with China in manufactured imports, those exports are spurring Brazil's economic growth and ability to provide necessary social programs to its citizens."⁴¹⁷ Another economic vulnerability in Sino-Brazilian relation would be an economic slowdown in China with impact on import of commodities. However a major challenge would be Chinese effect on the structure of Brazilian economy which was sometimes designated as deindustrialization.

In the year 2007 export from Brazil to China was \$US 10.748.813.792 and import was \$US 12.617.760.826. A negative saldo for Brazil was \$US -1.868.947.034⁴¹⁸ and consequently in the year 2008 it was \$US -3.636.983.379.⁴¹⁹ This tendency has changed in 2008 back to positive saldo but the major problem with China remained – Brazil's growth export with China was mostly driven by commodities and raw materials.

⁴¹⁷ LOWRIE, Julie: China: Economic Intimidation and Runaway Corruption. JOHNSON, Thomas A. *Power, national security, and transformational global events: challenges confronting America, China, and Iran*. CRC Press/Taylor, 2012, pp. 253-254. ISBN 978-1439884225.

⁴¹⁸ Comércio Exterior: Janeiro - Dezembro 2007. *Estatísticas de comércio exterior - DEAEX: Balança comercial brasileira: Países e blocos econômicos - Países e Blocos Econômicos* [online]. Brasília: Ministério do Desenvolvimento, Indústria e Comércio Exterior, 2014 [cit. 2014-03-12]. Retrieved from:
<http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=1190&refr=576>

⁴¹⁹ Comércio Exterior: Janeiro - Dezembro 2008. *Estatísticas de comércio exterior - DEAEX: Balança comercial brasileira: Países e blocos econômicos - Países e Blocos Econômicos* [online]. Brasília: Ministério do Desenvolvimento, Indústria e Comércio Exterior, 2014 [cit. 2014-03-12]. Retrieved from:
<http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=1817&refr=576>

It would remind a vicious circle for Brazil because President Lula needed to support his social programs as 'Bolsa Família' or infrastructure program 'Programa de Aceleração do Crescimento'. Impact of Chinese export to Brazil was analysed in 2010 by the Brazilian Development Bank which among others concluded that by the year 2010 "a China se tornou o principal exportador de bens para o Brasil, dobrando sua participação nas importações brasileiras em cinco anos. Essa entrada de produtos chineses é bastante relevante para compreender a crescente penetração de importados no consumo doméstico. Explica cerca de dois terços do aumento do coeficiente de importações brasileiro, entre 2005 e 2010. Além disso, tem afetado de forma diferenciada os setores da indústria. Nesse sentido, tem importantes implicações sobre a estrutura produtiva e o grau de industrialização da economia."⁴²⁰ In other words it means that Chinese import of value-added products to Brazil contributed to lower competitiveness of Brazilian industry in spite of the positive balance in mutual foreign trade exchange with China. However China affected Brazilian economy also indirectly because "the competition in the manufactured goods world market has increased sharply [...] China with its aggressive trade and exchange rate policies is the great novelty, becoming in one generation the second-largest exporter in the world."⁴²¹ We

⁴²⁰ PUGA, Fernando a Marcelo NASCIMENTO. O efeito China sobre as importações brasileiras. In: *Visão do Desenvolvimento* [online]. BNDES, 2010, 20 dez 2010 [cit. 2014-03-12]. nº 89. pp. 7. Retrieved from: http://www.bndes.gov.br/SiteBNDES/export/sites/default/bndes_pt/Galerias/Arquivos/conhecimento/visao

⁴²¹ SILBER, Simão Davi: Foreign trade and foreign investments: the Brazilian experience in the last to decades. BAER, Werner, David V. FLEISCHER and Lawrence de GEEST (eds.). *The economies of Argentina and Brazil: a comparative perspective*. Northampton MA: Edward Elgar, c2011, pp. 456. ISBN 18-498-0996-8.

don't share the opinion that Sino-Brazilian trade relations should be identified with so called 'Dutch disease' in spite of Brazilian export of manufactures significantly fell between 2003-2010 in favor of commodities.⁴²² 'Dutch disease' or 'the resource curse' would have been applied to other South American countries like above all Venezuela, Ecuador, Chile or Peru which all failed to project long-term policy. However Brazil still had more diversified export portfolio than for example Chile with highly specialized export – mainly copper⁴²³ or oil-dependent Venezuela. Any of these states shouldn't be designated as the “victim” of China's import policy - many scholars were of the opinion that these negative effects of the resource rent are influenced by political variables – above all by poor administration and weak institutions.⁴²⁴

Therefore Chinese impact in the region, which has become “Sinodependent”, should be considered as more complex. Based on BVVA research paper it is stated that for example Brazilian exports of soybean were less dependent than Argentinian exports of the same commodity. Brazilian position in case of iron is similar – it was less dependent on Chinese demand than Australian economy.⁴²⁵ However a disruptive

⁴²² BEAUSANG, Francesca. *Globalization and the BRICs: why the BRICs will not rule the world for long*. New York: Palgrave Macmillan, 2012, pp. 39-40. ISBN 02-302-4314-2.

⁴²³ OECD/ECLAC/Development Bank of Latin America (CAF) (2013), *Latin American Economic Outlook 2014: Logistics and Competitiveness for Development*, OECD Publishing. pp. 35-36. ISBN: 9789264203648. doi: 10.1787/leo-2014-en

⁴²⁴ SOYSA, Indra de: The “Resource Curse”: An Empirical Overview. DAUDERSTÄDT, Michael and Arne SCHILDBERG (eds.). *Dead ends of transition: rentier economies and protectorates*. New York: Campus Verlag, pp. 48-56. ISBN 978-359-3381-541.

⁴²⁵ HERRERO, Alicia Garcia, Ferchen MATT and Mario NIGRINIS. *Evaluating Latin America's Commodity Dependence on China*. In: [online]. Hong Kong: BBVA – Working Paper Number 13/05, 2013,

impact on the development of Brazilian industry had China's import tariffs and non-tariff barriers which prevented to Brazil export to China value-added products as it has been indicated for example in case of soybean.⁴²⁶ Through these protectionist provisions China supported its own manufactures and export of value-added products. On the contrary it meant for Brazil that it has accepted the role of exporter which was focused on primary products (commodities/raw materials).

V.2. Chile

A development of infrastructure between Brazil and Chile was everything but easy in spite of high expectations on both sides because it: "raises issues related to the connectivity of both nations within the framework of IIRSA (Initiative for Integration of Regional Infrastructure in South America) and UNASUR(Union of South American Nations), [...] for the construction of a Bioceanic Corridor from the port of Santos, running through Bolivia to the ports of Iquique and Arica, with an extension of 4700 km [...]. This is undoubtedly one of the more ambitious road connection projects of the region [...]." ⁴²⁷ Chile as one of the most developed Latin America countries used a relative geographical disadvantage as an advantage. A long and narrow territory which is hard to defend always has been for Chile a bottleneck because it shares with its neighbors a historical burden. Animosity and territorial disputes with

January, 2013 [cit. 2014-03-16]. pp. 9-10. Retrieved from:
www.bbvaresearch.com/KETD/fbin/mult/WP_1305_tcm348-370500.pdf?ts=522013

⁴²⁶JENKINS, Rhys. China and Brazil: Economic Impacts of a Growing Relationship. *Journal Of Current Chinese Affairs*, 41(1), 2012, 21-47. pp. 28. [cit. 2014-03-16] Retrieved from: <http://journals.sub.uni-hamburg.de/giga/jcca/article/view/494>

⁴²⁷ Embajada de Chile en Brasil: Bilateral Relations. [online]. Ministerio de Relaciones Exteriores - Chile [cit. 2014-03-15]. Retrieved from: <http://chileabroad.gov.cl/brasil/en/relacion-bilateral/comercio->

Argentina, Bolivia and Peru are real challenges for a development of cross border infrastructure and in a way also for an appropriate development of domestic infrastructure in decentralized regions. Neither condition for maritime transport is favorable as straits on south suffer from strong storms in spite of a strategic position of sea-lanes through the Strait of Magellan as an alternative to Cape Horn. Almost cornered Chile opened to Pacific sea routes understood to opportunities which offer economic growth of China and generally Asia.

A controversial project of the road which should connect Chilean sea terminals via Bolivia with Brazil illustrates how difficult task is to achieve the regional infrastructure within Latin America in spite of strong financial background. A project worth of 415 million \$US won in 2008 OAS company from Brazil with financial support from BNDES. For Brazil would be attractive to transport more effectively a broad range of commodities to ports in Chile and then literally anywhere to Pacific region. However Brazilian pragmatic intention to build the road through Bolivia was during 2011 challenged by the indigenous protests. Fons et origo of disagreements consisted in internal Bolivian relations.

A suspended road project through Bolivia from 2008 wasn't alone within the idea to connect Chile and Brazil. The other project/feasibility study was focused on railway transport.⁴²⁸

relaciones-bilaterales/

⁴²⁸ Estudos e pesquisas para avaliação técnica, econômico-financeira e jurídico-regulatória de soluções destinadas a viabilizar um sistema logístico ferroviário de carga entre portos do Sul/Sudeste do Brasil e portos do Chile. *Chamada Pública BNDES/FEP Prospecção nº 02/2008 - Logística ferroviária Brasil-Chile* [online]. BNDES, 2008 [cit. 2014-03-15]. Retrieved from: http://www.bndes.gov.br/SiteBNDES/bndes/bndes_pt/Institucional/Apo

One of the main ideas on bi-oceanic corridors was among others interest to support a relationship with China and India not only from market reason but geopolitics as well: "A distribuição de papéis na estrutura geopolítica global, em particular na questão do peso da China e da Índia como contrapeso ao modelo americano-europeu da década de 1990; A presença de países emergentes em organismos multilaterais, em particular da China e do Brasil naqueles dedicados a tratar de questões comerciais e financeiras globais."⁴²⁹

Political and business relationship between Chile and China already started in 1952, reinforced during socialist government of Salvador Allende and not even shaken during the Pinochet dictatorship. On the contrary growing trade relationship between Chile and China led to a joint venture the Santiago-Beijing Tube Copper Company which was first of its kind in Latin America.⁴³⁰ However a new age of China-Chile started in 2006 when Chile concluded a trade agreement with China as one of the first Latin America countries⁴³¹ followed by Peru in 2009.⁴³²

io_Financeiro/Apoio_a_estudos_e_pesquisas/BNDES_FEP/prospeccao/chamada_corredor.html

⁴²⁹ AVALIAÇÃO DOS CORREDORES BIOCEÂNICOS. [online]. BNDES, 2010 [cit. 2014-03-15]. pp. 20. Retrieved from:

http://www.bndes.gov.br/arqs/corredor_bioceanico/Produto%202.pdf

⁴³⁰ JILBERTO, Alex E. Fernández and Barbara HOGENBOOM (eds.). *Latin America facing China: South-South relations beyond the Washington consensus*. New York: Berghahn Books, 2010, pp. 79. Cedla Latin America Studies. ISBN 978-184-5457-396.

⁴³¹ China-Chile FTA: China's Free Trade Agreements. *China FTA Network* [online]. MINISTRY OF COMMERCE, PRC [cit. 2014-03-15]. Retrieved from: <http://fta.mofcom.gov.cn/topic/enchile.shtml>

⁴³² China-Peru FTA: China's Free Trade Agreements. *China FTA Network* [online]. MINISTRY OF COMMERCE, PRC [cit. 2014-03-15]. Retrieved from: <http://fta.mofcom.gov.cn/topic/enperu.shtml>

Chinese interest in Chilean mineral resources (and vice versa Chilean interest in Chinese financial resources) linked by Free trade agreement between the Government of the People's Republic of China and the Government of the Republic of Chile from 2006 is clearly stipulated in Article 113 – Mining and Industrial Cooperation.⁴³³ CODELCO with a satisfaction in its Annual Report from 2011 summarized that "over the last five years China has become Codelco's main customer, especially after the subprime crisis, when the Company's traditional niches America, Europe, Korea and Taiwan were significantly affected by financial difficulties and had less industrial activity."⁴³⁴ On the other hand CEO of CODELCO also has raised concerns over speculation of non-core Chinese companies that would use copper as a financing tool to get loans as well.⁴³⁵

Chinese hunger for copper was presented also in other parts of the world. African state Zambia respectively part of its mining sector was other important supplier of copper to China and inevitably attracted outward foreign direct investment "in order for Chinese companies to gain a better control of its

⁴³³ FREE TRADE AGREEMENT BETWEEN THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF THE REPUBLIC OF CHILE. *World Integrated Trade Solution* [online]. World Bank [cit. 2014-03-16]. pp. 58. Retrieved from: <http://wits.worldbank.org/GPTAD/PDF/archive/Chile-china.pdf>

⁴³⁴ Annual Report 2011. *Codelco* [online]. CODELCO [cit. 2014-03-16]. Retrieved from: <http://www.codelco.com/flipbook/memorias/memoria2011/en/copper-market.html>

⁴³⁵ SOTO, Alonso a Fabian CAMBERO. UPDATE 1-Chile Codelco worried about China copper stocks. *Reuters U.S. Edition* [online]. Santiago: Thomson Reuters, 2011, Apr 4, 2011 [cit. 2014-03-16]. Retrieved from: <http://www.reuters.com/article/2011/04/04/metals-cesco-hernandez-idAFNo425043220110404>

external resource supply”.⁴³⁶ It should be underlined that Chinese government preferred mostly a direct control over resources not only through direct purchases but also through acquisitions; joint ventures⁴³⁷ or government-to-government agreements/arrangements and in Chile it has followed the same scheme.⁴³⁸ Indeed, we generally consider Latin American countries as far more developed than many African countries and especially Chile was the exception to other countries in the region. China in Congo started its activities with construction projects but as mutual relations progressed so Chinese investments were involved in a development of telecommunications and transport infrastructure – the output of these efforts was among others 6.8 million ton copper deposit concession.⁴³⁹ During the meeting of Chinese Premier Wen Jiabao and Chilean President Sebastián Piñera in 2012 was indicated that China would like to make currency swap between both countries with the leading currency China's renminbi and also to get involved in transportation projects in Chile⁴⁴⁰ – a scenario very similar to Chinese activities in Subsaharian Africa.

⁴³⁶ DIJK, Meine Pieter van. *The new presence of China in Africa*. Amsterdam, Netherlands: Amsterdam University Press, 2009, Amsterdam University Press - EADI. pp. 128. ISBN 978-908-9641-366.

⁴³⁷ China, Chile set up joint venture to mine copper. *Business* [online]. People's Daily Online, 2006, February 23, 2006 [cit. 2014-03-16]. Retrieved from: http://english.peopledaily.com.cn/200602/23/eng20060223_245184.html

⁴³⁸ China-Chile FTA: China's Free Trade Agreements. *China FTA Network* [online]. [cit. 2014-03-15]. Retrieved from: <http://fta.mofcom.gov.cn/topic/enchile.shtml>

⁴³⁹ MAH, Ben. *China and the world: global crisis of capitalism*. Bloomington: iUniverse, 2011, pp. 244. ISBN 978-146-2056-811.

⁴⁴⁰ China, Chile to establish strategic partnership, boost trade. *English.news.cn* [online]. Xinhua, © 2012, 2012-06-27 [cit. 2014-03-16]. Retrieved from: http://news.xinhuanet.com/english/china/2012-06/27/c_123334167.htm

Bloomberg repeatedly have informed that decisions of Chinese government artificially influenced demand for copper with a consequent impact on world market prices.⁴⁴¹ In spite of that prices of copper in 2009 were low but still almost double the price of years 2001-2003.⁴⁴² Slightly after global financial crisis 2007-2008 China still sought to secure a refined copper among others for a development of electric grid⁴⁴³ – a demand not driven by 'invisible hand of the market' but by the central Chinese government. In this moment there isn't any obstacle to agree with Joseph Stiglitz that "free markets lead to efficiency as if guided by unseen forces - is invisible, at least in part, because it is not there."⁴⁴⁴ Chinese hunger for copper in Latin America wasn't limited just to Chile but also neighborhood country Peru with its rich resources offered other opportunities. Road to China-Peru FTA⁴⁴⁵ was in time-line very brief and almost short. First talks between both countries

⁴⁴¹ RICHTER, Joe and Agnieszka TROSZKIEWICZ. Copper Falls Most in Three Weeks on China Factory Cuts. [online]. Jul 27, 2013 [cit. 2014-03-16]. Retrieved from: <http://www.bloomberg.com/news/2013-07-26/copper-drops-as-china-s-capacity-cuts-fuel-slowdown-concern.html>

⁴⁴² Data available on: Copper: Actual Value, Historical Data, Forecast. [online]. TRADING ECONOMICS, ©2013 [cit. 2014-03-16]. Retrieved from: <http://www.tradingeconomics.com/commodity/copper>

⁴⁴³ BAI, Jim a Aizhu CHEN. China grid eyes building 2 new UHV power lines this yr. *Reuters: IN edition* [online]. Thomson Reuters, 2010, Aug 13, 2010 [cit. 2014-03-16]. Retrieved from: <http://in.reuters.com/article/2010/08/13/china-power-transmission-idINTOE67Co2Z20100813>

⁴⁴⁴ STIGLITZ, Joseph. There is no invisible hand. *Comment* [online]. Guardian News and Media Limited, © 2014, 20 December 2002 [cit. 2014-03-16]. Retrieved from: <http://www.theguardian.com/education/2002/dec/20/highereducation.uk1>

⁴⁴⁵ China-Peru FTA: China's Free Trade Agreements. *China FTA Network* [online]. MINISTRY OF COMMERCE, PRC [cit. 2014-03-15]. Retrieved from: <http://fta.mofcom.gov.cn/topic/enperu.shtml>

started in 2007 followed by signing Free Trade Agreement in November 2008. Peru attracted China already in 1992 during privatization iron ore mines when Chinese state company Shougang bought the mine from Hierro Peru at Marcona.⁴⁴⁶

V.3. Argentina

Public and private investments in Latin America and the Caribbean were between 1980-1985 on average 3.7 percent GDP but between 1996-2001 sharply decreased to an average of 2.2 percent. Strictly limited to public investments to infrastructure it was between 1980-1985 on average 3.1 percent GDP but between 1996-2001 dropped to 0.8 percent.⁴⁴⁷ In the publication *The Global Competitiveness Report 2012–2013*⁴⁴⁸ compiled by the World Economic Forum within the infrastructure pillar Argentina occupied rank 86.⁴⁴⁹ The financial condition of Argentina's (suffering from non-transparency)⁴⁵⁰ has created obstacles to achieve at least a

⁴⁴⁶ HORISAKA, Kotaro: Agents of Interaction: The Changing Roles of Business Firms. SMITH, Peter H, Kotaro HORISAKA and Shoji NISHIJIMA (eds.). *East Asia and Latin America: the unlikely alliance*. Lanham: Rowman, c2003, pp. 101. ISBN 07-425-2376-4.

⁴⁴⁷ Key Data from Infrastructure in Latin America and the Caribbean: Recent Developments and Key Challenge. *Latin America and the Caribbean* [online]. The World Bank Group, © 2013 [cit. 2014-03-16]. Retrieved from:
<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/o,,contentMDK:20631948~pagePK:146736~piPK:146830~theSitePK:258554,00.html>

⁴⁴⁸ SCHWAB, Klaus (ed.). *The Global Competitiveness Report 2012–2013: Full Data Edition* [online]. Geneva: the World Economic Forum, 2012, [cit. 2014-03-16]. pp. 16-17. ISBN 978-92-95044-35-7. Retrieved from:
http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

⁴⁴⁹ We can compare to Botswana which in the same field obtained rank 87 or Brazil with rank 70.

⁴⁵⁰ In December 2013 the IMF Executive Board adopted a decision calling on Argentina to implement specified actions to address the quality of its

reasonable improvements in this field with a limited support of public investment in infrastructure which for example between 1992 and 1998 decreased from about 1.0 percent to 0.2 percent.⁴⁵¹

Argentina's financial turmoil during 2001-2002⁴⁵² and later the international crisis in 2009 had an impact on investments.⁴⁵³ There were doubts about a weak business environment and rule of law of the Argentinian Government whose “actions to curb the remittance of profits abroad have also led some foreign companies to question whether their money should be invested in the country if they are unable to access it later.”⁴⁵⁴ Also in 2013 the US⁴⁵⁵ or United Kingdom⁴⁵⁶ firmly opposed to

official CPI and GDP data according to a specified timetable. See also: Statement by the IMF Executive Board on Argentina. *Press Release No. 13/497* [online]. IMF COMMUNICATIONS DEPARTMENT, 2013, December 9, 2013 [cit. 2014-03-16]. Retrieved from: <http://www.imf.org/external/np/sec/pr/2013/pr13497.htm>

⁴⁵¹ PINSTRUP-ANDERSEN, Per and SHIMOKAWA, Satoru: Rural Infrastructure and Agriculture Development. BOURGUIGNON, François and Boris PLESKOVIC (eds.). *Rethinking infrastructure for development*. Washington, D.C.: World Bank, 2008, pp. 196. ISBN 978-0-8213-6841-1.

⁴⁵² See also: DASEKING, Christina, Atish R. GHOSH and Alun THOMAS (eds.). *Lessons From The Crisis In Argentina*. Washington, DC: Intl Monetary Fund, 2004, 55 pp. Occasional Paper (Intl Monetary Fund). ISBN 78-1589063594.

⁴⁵³ SERINO, L.: Trade integration: Argentina. DESHPANDE, Ashwini and Keith NURSE (eds.). *The global economic crisis and the developing world: implications and prospects for recovery and growth*. New York: Routledge, 2012, Routledge Studies in Development Economics. pp. 121-123. ISBN 978-020-3119-433.

⁴⁵⁴ 2012 Investment Climate Statement - Argentina. *Bureau of Economic and Business Affairs: Argentina - Report* [online]. Washington, DC: U.S. Department of State, 2012, June 2012 [cit. 2014-03-16]. Retrieved from: <http://www.state.gov/e/eb/rls/othr/ics/2012/191099.htm>

⁴⁵⁵ MARTIN, Eric and Sandrine RASTELLO. U.S. Opposes Loans to Argentina to Force Debt Accord, Payments. *Businessweek: Bloomberg News* [online]. New York: Bloomberg L.p.p., © 2014, September 28, 2011

provide development loans to Argentina in order to support debt creditors.

China was in Argentina attracted by the agricultural production⁴⁵⁷ because “historically, Argentina has been among the world leaders in the production and/or export of agricultural products. The main reason for this is that it is a country relatively sparsely populated but richly endowed with natural resources for production agriculture.”⁴⁵⁸ Chinese food policy due to historical reasons⁴⁵⁹ was oriented to self-reliance but rapid industrialization had negative impact on agriculture production because of environmental degradation.⁴⁶⁰ Chinese

[cit. 2014-03-16]. Retrieved from:

<http://www.businessweek.com/news/2011-09-28/u-s-opposes-loans-to-argentina-to-force-debt-accord-payments.html>

⁴⁵⁶ UK will block IADB and World bank loans to Argentina because of financial ‘misconduct’. *Mercopress* [online]. Montevideo: MercoPress, 2013, February 14th 2013 [cit. 2014-03-16]. Retrieved from:

<http://en.mercopress.com/2013/02/14/uk-will-block-iadb-and-world-bank-loans-to-argentina-because-of-financial-misconduct>

⁴⁵⁷ BAIJIA, Liu a Zhou SIYU. China becomes fast-growing market for Argentina's agricultural products. *Business: Chinadaily.com.cn* [online]. Beijing: China Daily Information Co, Copyright 1995 - 2010, 2011-09-09 [cit. 2014-03-16]. Retrieved from:

http://www.chinadaily.com.cn/cndy/2011-09/09/content_13654560.htm

⁴⁵⁸ LENCE, Sergio H.: The Agricultural Sector in Argentina: Major Trends and recent Developments. ALSTON, Julian M., Bruce A. BABCOCK and Philip G. PARDEY (eds.). *The Shifting Patterns of Agricultural Production and Productivity Worldwide* [online]. Ames - Iowa: The Midwest Agribusiness Trade Research and Information Center Iowa State University, 2010 [cit. 2014-03-16]. pp. 409. ISBN 978-0-9624121-8-9. Retrieved from:

http://www.card.iastate.edu/books/shifting_patterns/pdfs/shifting_patterns_book.pdf

⁴⁵⁹ See also: LI, Lilian M. *Fighting Famine in North China: State, Market, and Environmental Decline, 1690s-1990s*. Stanford: Stanford University Press, 2010, 544 pp. ISBN 978-0804771818.

⁴⁶⁰ See also: ZHAO, Xiaobo. *Developing an appropriate contaminated land regime in China: lessons learned from the US and UK*. New York:

consumers with rising income per capita and urbanization also started to change their behavior⁴⁶¹ and became aware of the food quality because of food contamination as well – the fact reflected by Chinese government.⁴⁶² On Chinese worldwide hunger for commodities David Shambaugh noted: “China's voracious appetite for raw materials has contributed to high global prices for these commodities [...] It also buys large amounts of agricultural products [...]”⁴⁶³ Chinese activities in Argentina weren't limited to trade with commodities but China's largest farming company Heilongjiang Beidahuang Nongken Group bought also land and soybeans farm.⁴⁶⁴ Ironically Heilongjiang Beidahuang Nongken Group and Venezuela signed a cooperation agreement for the import of food⁴⁶⁵ which indicates a low level of intraregional trade within

Springer, 2012, 280 pp. ISBN 978-364-2316-142.

⁴⁶¹ See also: JIKUN, Huang, Scott ROZELLE and Mark W. ROSEGRANT. China's Food Economy to the Twenty-first Century: Supply, Demand, and Trade. *Economic Development and Cultural Change: JSTOR* [online]. Vol. 47, No. 4 (July 1999), pp. 737-766. [cit. 2014-03-16]. Retrieved from: <http://www.jstor.org/stable/10.1086/452430>

⁴⁶² Chinese vice premier orders more efforts to improve food safety. *English.news.cn* [online]. Beijing: XINHUA, 2010, 2010-04-20 [cit. 2014-03-16]. Retrieved from: http://news.xinhuanet.com/english2010/china/2010-04/20/c_13258667.htm

⁴⁶³ SHAMBAUGH, David L. *China goes global: the partial power*. New York: Oxford University Press, c2013, pp. 117. ISBN 978-0199860142.

⁴⁶⁴ ROMIG, Shane. Hungry China Shops in Argentina. *WSJ.com* [online]. Dow Jones & Company, Inc., © 2014, June 20, 2011 [cit. 2014-03-16]. Retrieved from: <http://online.wsj.com/news/articles/SB10001424052702303823104576391621352528138>

⁴⁶⁵ Venezuela y China suscriben acuerdo en materia alimentaria. *Ministerio del Poder Popular para la Alimentación* [online]. Caracas: Ministerio del Poder Popular para la Alimentación, © 2014 [cit. 2014-03-16]. Retrieved from: http://www.minpal.gob.ve/index.php?option=com_content&task=view&id=615&Itemid=45

the region – in this case even within MERCOSUR.

A projection of Chinese interests and influence underlined the agreement December 2013 between Argentina and China Machinery Engineering Corporation on investment on “la adquisición de material ferroviario y a una importante renovación de vías de más de mil kilómetros. [...] Sobre las condiciones del acuerdo de Inversión, el Ministro Randazzo detalló que es por 2.470 millones de dólares de los cuales, 2.100 serán aportados por el Banco de Desarrollo de China, a través de CMEC [...]” The project received high credit from President of Argentina Cristina Fernandez de Kirchner who even personally accepted President of China Machinery Engineering Corporation in Casa Rosada.⁴⁶⁶ Many Chinese trade and investment activities in agriculture, infrastructure and transportation seemed to be supported by financial acquisitions as well.

Based on EU statistics (Eurostat) EU27 Foreign Direct Investments in 2011 were 44.2 bilions euro to Argentina. The European Commission stated that “The EU is the biggest foreign investor in Argentina, accounting for about half of the foreign direct investments in Argentina. EU investment stocks were worth € 49.5 billion in 2011 and cover important areas such as telecoms, automotive or energy.”⁴⁶⁷ However also China was in Argentina during 2011 highly proactive especially in the financial sector where Industrial and Commercial Bank of

⁴⁶⁶ President Zhang Chun Meets with Her Excellency the President of Argentina,. *China Machinery Engineering Corporation* [online]. CMEC, © 2014, December 6, 2013 [cit. 2014-03-16]. Retrieved from: http://www.cmec.com/html/news_company_details.php?id=188493

⁴⁶⁷ Countries and regions: Argentina. *Trade: European Commission* [online]. Brussels: European Commission, 2013 [cit. 2014-03-16]. Retrieved from: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/argentina/>

China Limited (ICBC) purchased of 80 percent stake in Standard Bank Argentina. The ICBC itself acknowledged in press report an importance of Argentina economy and mutual trade between both states: “Argentina is the second largest economy in South America with strong potential. Economic and trade between China and Argentina has been growing rapidly for the past few years. No Chinese bank has established presence in Argentina yet. Argentina offers a good growth potential and is one of the key focus markets for ICBC's expansion in South America.”⁴⁶⁸ During the same year ICBC also entered to Spain with ICBC Spain Branch. La Sociedad Estatal para la Promoción y Atracción de las Inversiones Exteriores, S.A., (The State Company for the Promotion and Attraction of Foreign Investment, plc.) commented that “Spain is undeniably attractive to Chinese investment. Worthy of special mention are its strategic position as regards European, North African and Latin American markets, where Spanish businesses are well established [...]”⁴⁶⁹

V.4. Venezuela

In the case of Venezuela offered China a helpful hand to Latin American country which was for long time in financial and political crisis and thus “struggling to secure enough investment and technical expertise to unlock the resource.”⁴⁷⁰

⁴⁶⁸ ICBC and Standard Bank Group Agreed on the Sales and Purchase of Standard Bank Argentina. *ICBC News* [online]. ICBC, 2011, 2011-08-17 [cit. 2014-03-16]. Retrieved from: <http://www.icbc.com.cn/icbc/icbc%20news/icbc%20and%20standard%20bank%20group%20agreed%20on%20the%20sales%20and%20purchase%20of%20standard%20bank%20argentina.htm>

⁴⁶⁹ ICBC Opens its First Spanish Office. *INVEST IN SPAIN: Press Releases* [online]. ICEX - INVEST IN SPAIN, 2012, 25|01|2011 [cit. 2014-03-16]. Retrieved from: http://www.investinspain.org/invest/en/press-room/press-releases/4432285.html?orderBy=xfwm_cnt_Fecha1&orderType=desc

⁴⁷⁰ JEGARAJAH, Sri. Why Venezuela's World-Beating Oil Reserves Are

Having in mind normative and conditional approach of the EU so it would be a challenge to conduct business in the same way as has been seen in the statement issued by EU High Representative Catherine Ashton on the elections in Venezuela on 14 April 2013.⁴⁷¹ Even with no political objections was Venezuela considered by many Western enterprises as a risky environment to set up business – no so by Chinese companies which were willing to accept the fact that their investments would have been protected mostly by personal assurances and not by transparent legal environment.

During 2011 Hugo Chávez needed a second surgical procedure in order to remove a tumor with cancerous cell.⁴⁷² In 2012 president Chávez won for fourth time Venezuelan presidential election but at the end of 2012 he underwent another surgery which has been followed by respiratory failures due to lung infection. At the beginning of March 2013 Hugo Chávez died followed in the office by President Nicolás Maduro. For China it wasn't a favorable development as Chinese leadership underwent through a generation leadership transition (Mr. Xi Jinping assumed office as General Secretary of the Central Committee of the Communist Party of China and Chairman of CPC Central Military Commission in November 2012 and as

'Irrelevant'. *CNBC: Energy* [online]. CNBC Asia Pacific, © 2014, 14 Jun 2012 [cit. 2014-03-16]. Retrieved from:
<http://www.cnbc.com/id/47823420>

⁴⁷¹ Statement by EU High Representative Catherine Ashton on the elections in Venezuela on 14 April 2013. *Statetment - Press: A 212/13* [online]. Brussels: EUROPEAN UNION, 2013, 17 April 2013 [cit. 2014-03-16]. Retrieved from:
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/136829.pdf

⁴⁷² CHÁVEZ, Hugo Frías. President Chávez's address to the Nation. *El Universal: Government* [online]. 2011, July 01, 2011 [cit. 2014-03-16]. Retrieved from: <http://www.eluniversal.com/2011/07/01/president-chavezs-address-to-the-nation>

President of the People's Republic of China assumed office in March 2013).

China indicated its expectations on agreement concluded during the presidency of Hugo Chávez after six months of his death. A state visit of President Nicolás Maduro in China where he met with President Xi Jinping⁴⁷³ on 22 September 2013 was about mutual assurance of stability and keeping continuity in spite of death of Hugo Chávez as Xi Jinping expressed that "the China-Venezuela relations are now in a period that links the past and the future."⁴⁷⁴ Based on data from EIA (U.S. Energy Information Administration) China imported from Venezuela 19.000 bbl/d of crude oil in 2005 but in 2011 it was already 230.000 bbl/d of crude oil (it is twelve times more just in six years). Having in mind Chinese investment in Venezuela (according to Bloomberg China Development Bank Corp. has lent Venezuela \$US42.5 billion since 2007⁴⁷⁵ which can be compared to European Investment Bank loans of EUR 3.2 billion signed in Latin America between 2007-2012⁴⁷⁶ or EUR 52.2 billion as total loans for all regions

⁴⁷³ During his first state visit to Latin America Mr. Xi Jinping at the capacity of the president paid his visit to Trinidad and Tobago, Costa Rica and Mexico from May 31 to June 6, 2013. This choice probably has reflected the U.S. foreign policy in Asia-Pacific region. Mr. Xi Jinping visited Venezuela at the capacity of Vice-President in 2009.

⁴⁷⁴ Xi Jinping Holds Talks with President Nicolas Maduro of Venezuela Stressing Sincerity, Friendship, Mutual Benefit and Win-win Outcomes to Unceasingly Promote China-Venezuela Strategic Partnership. [online]. Beijing: Ministry of Foreign Affairs, the People's Republic of China, ©1998-2005, 2013/09/22 [cit. 2014-03-16]. Retrieved from: <http://www.fmprc.gov.cn/eng/zxxx/t1079915.shtml>

⁴⁷⁵ DEVEREUX, Charlie. China Development Bank Lends Venezuela \$42.5 Billion Since 2007. *Bloomberg News* [online]. Bloomberg, 2012, Sep 26, 2012 [cit. 2014-03-16]. Retrieved from: <http://www.bloomberg.com/news/2012-09-25/china-development-bank-lends-venezuela-42-5-billion-since-2007.html>

⁴⁷⁶ EIB financing in Latin America. *EIB factsheet* [online]. EIB, © EIB –

including the EU in 2012⁴⁷⁷) and rising cooperation China-Venezuela in energy sector so both countries created to some degree interdependence. Narrow victory of President Maduro and a political rhythm given by 'Chávismo'⁴⁷⁸ hardly could be sustainable with no money provided by China Development Bank Corp. which has been identified as “the world’s biggest policy lender.”⁴⁷⁹ In brief document on Outward Foreign Direct Investment from China to Latin America published by BVVA (Banco Bilbao Vizcaya Argentaria) is mentioned that “China is not only ensuring a significant degree of influence in LATAM economies by lending them money (and securing energy supply), but it is also establishing direct long term investment relationships through OFDI. ”⁴⁸⁰ Loan conditions given by China to Venezuela also preferred Chinese export as “the Chinese government has also leveraged on the financing muscle of its policy banks, in particular China Development

02/2013 [cit. 2014-03-16]. Retrieved from:

http://www.eib.org/attachments/country/eib_factsheet_latin_america_en.pdf

⁴⁷⁷ COELHO, Francisco de Paula. The EIB’s experience in climate change financing in Latin America and the Caribbean. *EIB* [online]. Brussels,: European Investment Bank Group, 2013, 17 th October 2013 [cit. 2014-03-16]. Retrieved from:

http://ec.europa.eu/clima/events/0085/t6_eib_en.pdf

⁴⁷⁸ LOTITTO, Raúl. Chávismo After Chávez. *Project Syndicate* [online]. Project Syndicate, 2013, MAY 6, 2013 [cit. 2014-03-16]. Retrieved from: <http://www.project-syndicate.org/commentary/the-future-of-ch-vismo-in-venezuela-by-ra-l-lotitto>

⁴⁷⁹ DEVEREUX, Charlie. China Bankrolling Chavez’s Re-Election Bid With Oil Loans . *Bloomberg News* [online]. Bloomberg, 2012, Sep 26, 2012 [cit. 2014-03-16]. Retrieved from: <http://www.bloomberg.com/news/2012-09-25/china-bankrolling-chavez-s-re-election-bid-with-oil-loans.html>

⁴⁸⁰ HERRERO, Alicia Garcia. Trends in Lending and Outward Foreign Direct Investment from China into Latin America. In: [online]. Hong Kong: BBVA, 2013, August 16, 2013 [cit. 2014-03-16]. pp. 7. Retrieved from: http://www.bbvarsearch.com/KETD/fbin/mult/130816_ChinaWatch_China-Latam_tcm348-399508.pdf?ts=9112013

Bank (CDB) and the Export-Import Bank of China, to promote the usage of RMB in international lending. For example, in 2010 the CDB denominated half of a US\$US 20 billion loan to Venezuela in the RMB so that Venezuela could make purchases of Chinese goods and services in China's own currency."⁴⁸¹

Foreign Exchange report from PwC⁴⁸² in February 2013 noted that Venezuela devalued the Venezuelan Bolivar and set up SICAD (Sistema Complementario de Administracion de Divisas) in order to substitute SITME (Sistema de Transacciones con Títulos en Moneda Extranjera) which was complementary to CADIVI (Comision de Administracion de Divisas) from 2003 (PDVSA had the exception for CADIVI) because it was allowed to purchase foreign exchange directly from Banco Central de Venezuela). This decision taken by Venezuela would have been focused to have more tools for fight with a high inflation and parallel foreign currency exchange market (black market).⁴⁸³ In this context (including a fact that there is fixed exchange rate for the Venezuelan bolívar to \$US) the mentioned Chinese loan in RMB would have been a pavement for a bilateral currency swap which would contribute to mutual trade exchange and FDI as "access to natural resources is now central to both China's economic

⁴⁸¹ Ibid.

⁴⁸² Venezuela: Impact of currency devaluation and new exchange control regime. In: [online]. Caracas: PricewaterhouseCoopers LLP, © 2013, April 18, 2013 [cit. 2014-03-16]. Pricing Knowledge Network Alert. Retrieved from: http://www.pwc.com/en_GX/gx/tax/newsletters/pricing-knowledge-network/assets/pwc-venezuela-currency-devaluation-exchange-control-regime.pdf

⁴⁸³ Venezuela: Financial Reporting Alert. In: [online]. New York: Deloitte Touche Tohmatsu, © 2010, January 19, 2010 [cit. 2014-03-16]. Retrieved from: http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Content/Articles/AERS/Accounting-Standards-Communications/Financial-Reporting-Alert/us_assur_Financial_Reporting_Alert_10-1.pdf

and security interests. China moved from an energy net exporter to importer around 2000, and as its economy continues to grow, so too will its demand for energy. Negotiating BSAs with countries that are significant oil and coal producers could help ensure easier access to vital energy in the future and may eventually pave the way for settling oil exchange in RMB.”⁴⁸⁴ BSA between China-Venezuela would also protect Chinese companies from losing profits – something what happened to the US companies in 2013 after the devaluation.⁴⁸⁵

Chinese deals with Latin American countries seemed to be win-win as in non-zero-sum games where all cooperating players can benefit. However in reality those deals were more close to a zero-sum games where one's win is another loss. Chinese loans and credits were mostly characterized by three issues:

- Chinese banks lend money to the host country in exchange to secure crude resources (agricultural, minerals, or energy) or rights to extract them,
- a majority of credit is used on contracts given to Chinese companies,
- no immediate profit is necessary if strategic view prevails.

It is hard to evaluate or at least estimate how deeply were covered financial operations of Chinese companies within

⁴⁸⁴ LIAO, Steven and Daniel E. MCDOWELL. Redback Rising: China's Bilateral Swap Agreements and RMB Internationalization. In: [online]. Syracuse: Syracuse University, (c) 2013 [cit. 2014-03-16]. pp. 20. Retrieved from: http://faculty.maxwell.syr.edu/dmcdowel/Redback_Rising_McDowell_Liao.pdf

⁴⁸⁵ RUPP, Lindsey. P&G to Pfizer Profit Seen Taking Hit on Weaker Bolivar. *Bloomberg News* [online]. Bloomberg, 2013, Jun 29, 2013 [cit. 2014-03-16]. Retrieved from: <http://www.bloomberg.com/news/2013-06-28/p-g-to-pfizer-profit-seen-taking-hit-on-weaker-bolivar.html>

South American countries through China Development Bank Corp. but as clues could help Chinese financial (and political) operations in Ghana where "advanced management fees associated with the CDB loan, crude oil off-take agreements and a provision that at least 60 per cent of the works contracts must go to Chinese companies."⁴⁸⁶ Lack of transparency should be considered more dangerous than an amount of poured financial resources as Chinese Foreign Assistance has no Authoritative Statistics.⁴⁸⁷

⁴⁸⁶ WALLIS, William and Lionel BARBER. Ghana's opposition targets Chinese loan. *FT.com* [online]. Financial Times, 2013, April 26, 2012 [cit. 2014-03-16]. Retrieved from: http://www.ft.com/intl/cms/s/7159e1be-8d29-11e1-9798-00144feab49a,Authorised=false.html?_i_location=http%3A%2F%2Fwww.ft.com%2Fcms%2Fs%2Fo%2F7159e1be-8d29-11e1-9798-00144feab49a.html%3Fsiteedition%3Duk&siteedition=uk&_i_referer=#axzz2WruTltpZ

⁴⁸⁷ Report to Congress on Assistance by the People's Republic of China to Governments and Entities in Latin America and Africa, Division J, Department of State, Foreign Operations, and Related Programs, Section 7071(f) (3) of the Omnibus Appropriations Act, 2009 (pp.L. 111-8). [online]. USAID [cit. 2014-03-16]. Retrieved from: http://www.usaid.gov/sites/default/files/cr_china_7071f3.pdf

VI. CONCLUSION

Web-page of European External Action Service in section of Latin America comments that "the EU is the second trade partner for the region. Trade in goods more than doubled over the last decade –up to €202 billion– (6.3% of total EU trade and 13% of LA trade). The EU remains the leading foreign investor in the region (including the Caribbean), accounting for €385 billion of Foreign Direct Investment (FDI) stock in 2010, or 43% of the region's total FDI."⁴⁸⁸ These numbers indicate why the EU still had a power to be taken seriously in the international affairs including those in Latin America in spite of that the EU decision model was lack of flexibility.⁴⁸⁹ On the other hand it is a question if this position could be gradually challenged by other international actor(s). Chinese strategy focused on natural resources and selling value-added goods in Latin America in exchange for loans and investments isn't too far from the strategy of the United Kingdom applied in 19th century as "those investments were used, at least in part, to purchase capital goods from Britain."⁴⁹⁰

We have identified that the Europe has been the US official rival in the region since the Monroe Doctrine (1823) and this rivalry later has been transformed to trade rivalry – especially with Great Britain. The World Wars and the Cold War had serious impact on the US interests in the region but Europe

⁴⁸⁸ THE EUROPEAN UNION. *European External Action Service: EU relations with Latin America* [online]. Brussel, 2014 [cit. 2014-03-08]. Retrieved from: <http://www.eeas.europa.eu/la/>

⁴⁸⁹ GINSBERG, Roy H. and Susan E PENKSA. *The European Union in global security: the politics of impact*. Palgrave Macmillan, 2012, Palgrave studies in European Union politics. pp. 35-37. ISBN 02-302-4826-8.

⁴⁹⁰ BULMER-THOMAS, V., John H. COATSWORTH and Roberto CORTÉS CONDE (eds.). *The Cambridge economic history of Latin America: 1 v.* New York, NY: Cambridge University Press, 2005, Cambridge Economic History of Latin America. pp. 491. ISBN 978-0521812894.

(mostly integrated to the EU/EC) after the end of bipolarity used the opportunity including the wave of privatizations in region. However during the same time China due to its assertive diplomacy and economic growth has gradually become another important actor in the region which established itself more deeply especially during the first decade of 21st century. In order to understand to a position of China in Latin America related to the EU interests would be hardly achieved with no understanding⁴⁹¹ of Chinese scholars and looking back to the history.

On this issue Patrick Karl O'Brien noted with reference to Asian historians⁴⁹² that "their 'global' perspective on the leading export from the Americas underlines the point that the gains to Western Europe from its trans-Atlantic connection cannot be comprehended without reference with Asia."⁴⁹³ However it doesn't mean that we should blindly accept this perspective as Patrick Karl O'Brien in the same context underlines "reorientation" of the history of the West would lead to implausible hypothesis.⁴⁹⁴ In spite of these objections we shouldn't neglect the opinion of the Asian historians who admitted Europe's maritime and enterprise power which made viable trade among Asia, Americas, Africa, Europe and Middle East. From their point of view the European (naval) powers had no trade advantage and the resources from Americas

⁴⁹¹ An understanding shouldn't be mistaken by an acceptance. On the contrary a critical approach should be involved.

⁴⁹² The analyze is focused on European Expansion Overseas but can serve as a comparative reference to the 21st century scheme.

⁴⁹³ O'BRIEN, Patrick Karl: The Global Economic History of European Expansion Overseas. BULMER-THOMAS, V., John H. COATSWORTH and Roberto CORTÉS CONDE (eds.). *The Cambridge economic history of Latin America: 1 v.* New York, NY: Cambridge University Press, 2005, Cambridge Economic History of Latin America. pp. 40. ISBN 978-0521812894.

served to trade balance with the East.⁴⁹⁵

After a few centuries we can make a comparison of “an age-old balance of trade problem with the east”⁴⁹⁶ (above all China). Based on EU Merchandise trade with China (Table 13) between 2008-2012 is obvious that mutual trade was in long-term highly negative for the EU. A situation about “no obvious natural or comparative advantages”⁴⁹⁷ was identified by the European Commission in 2008 which acknowledged that “geological availability does not necessarily mean access to these raw materials for EU companies. In fact, fundamental changes in global markets are threatening the competitiveness of European industry.”⁴⁹⁸ Especially due to the industrial revolution in Europe which started around the mid of 19th century were the European raw material deposits “characteristic for its long time extraction in the history, rich resources have been exploited for many centuries. The present deposits are relatively poor and smaller than those exploited in the world.”⁴⁹⁹ If we employ just the comparative advantage

⁴⁹⁴ Ibid., pp. 40.

⁴⁹⁵ Ibid., pp. 30.

⁴⁹⁶ Ibid., pp. 30.

⁴⁹⁷ Ibid., pp. 30.

⁴⁹⁸ The raw materials initiative — meeting our critical needs for growth and jobs in Europe: {SEC(2008) 2741}. In: *COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL: COM(2008) 699 final* [online]. Brussels: COMMISSION OF THE EUROPEAN COMMUNITIES, 2008 [cit. 2014-03-15]. pp. 5. Retrieved from: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0699:FIN:en:PDF>

⁴⁹⁹ RAMBOUSEK, Petr and Pavel KAVINA: The Raw Material Initiative - Chance for Europe?. NĚMEC, Václav. Hornická Příbram ve vědě a technice 2009, sekce G - Geoetika, s. GB3- 1-8. – Sekretariát mezinárodní konference Hornická Příbram ve vědě a technice 2009. Příbram. ISBN 978-80-254-5090-1. Retrieved from: <http://slon.diamo.cz/hpvt/2009/geoetika/9GB3.pdf>

hypothesis we should be aware that it “can be affected by host phenomena over which governments may or may not have control.”⁵⁰⁰

The only viable strategy for the European Union seemed to be securing high advanced technologies because “standard response to the emergence of price competition from lower-cost Asian suppliers in the 1980 was to assume that survival could be achieved only by adopting the competitive advantage of superior product performance. To achieve and sustain superior performance usually requires expensive R&D and investment in new technology. Unfortunately it is not always the case that these higher costs can be recovered. This is because customers may be unwilling to pay a premium price in return for superior performance.”⁵⁰¹ A challenge with R&D isn't limited just to high costs during a research process or a final price of product. Adopted growth strategy Europe 2020⁵⁰² by the EU, which should provide 3% of the EU's GDP to be invested in R&D, maybe wasn't a right option. New innovative clusters wouldn't be necessarily productive as expected and also spillover effect is usually territorially limited.⁵⁰³ The

⁵⁰⁰ OECD. *Globalisation, comparative advantage and the changing dynamics of trade* [online]. Paris: OECD, c2011, pp. 85. [cit. 2014-03-16]. ISBN 92-641-1308-8. Retrieved from: <http://dx.doi.org/10.1787/9789264113084-en>

⁵⁰¹ CHASTON, Ian. *Strategy for sustainable competitive advantage: surviving declining demand and China's global development* [online]. New York: Routledge, 2012, pp. 127. Routledge Research in Organizational Behavior and Strategy. ISBN 978-020-3121-122.

⁵⁰² Europe 2020 targets. EUROEPAN COMMISSION. [online]. Brussels: European Commission, 2011 [cit. 2014-03-16]. Retrieved from: http://ec.europa.eu/europe2020/pdf/targets_en.pdf

⁵⁰³ UPPEMBERG, Kristian. *R&D IN EUROPE: expenditures across sectors, regions and firm sizes* [online]. Brussels: Centre for European Policy Studies, 2009, [cit. 2014-03-16]. pp. 49-50. ISBN 978-929-0798-484. Retrieved from: http://aei.pitt.edu/32615/1/54._R&D_in_Europe.pdf

theory of high technology market advantage is also false as well as dependency theory if we take into account economic success of many Asian countries which have been capable to gain the same advantage as the Western countries. Indeed, we would agree that these countries "unlike the oil-rich countries of the Middle East or certain mineral-rich countries in Latin America, they entered the race with nothing more than the human capital of their populations"⁵⁰⁴ but they also needed to secure access to raw materials to feed economic growth and internal development. As the example can serve Japan, which in 1960s made a huge industrial progress, driven by export of industrial output, requiring adequate inputs. Japanese diplomatic efforts in 1960s were focused on establishing relations with post-colonial states in Africa in order to secure access to raw materials with no interest in human rights issues as Japan heavily invested in apartheid South Africa.⁵⁰⁵

Chinese pattern compared to Japanese diplomacy wasn't so different but definitely with more foreign policy ambitions and "interest in becoming a global economic power led to its self-identification as leader of developing countries."⁵⁰⁶ This posture has been gradually left as Chinese diplomacy transformed to the position where China perceived itself as counterbalance to the US. It is necessary to understand that Latin America for China was part of a worldwide strategy

⁵⁰⁴ FUKUYAMA, Francis. *The end of history and the last man*. New York: Maxwell Macmillan International, c1992, pp. 101. ISBN 978-0-02-910975-5.

⁵⁰⁵ BOLADE, M. Eyinla: Japan: The tenor and the terrain of foreign policy towards Africa. OLSEN, Gorm Rye and Ulf ENGEL (eds.). *Africa and the north: between globalization and marginalization*. Transferred to digital printing. S.l.: Routledge, 2009. New International Relations. pp. 71. ISBN 978-041-5498-869.

⁵⁰⁶ SHINN, David Hamilton and Joshua EISENMAN. *China and Africa: a century of engagement*. 1st ed. Philadelphia: University of Pennsylvania

which made the EU in the region vulnerable. We have identified that China had in Latin America almost the same interests as the EU - the supplier of commodities and raw materials counterbalanced by export of manufactured products. Chinese foreign direct investments in Latin America were part of this global strategy as China has been seeking opportunities and diversification. On the Map 1 we can see that Chinese investments were diversified by regions with a focus on key countries/regions. In reference to the economic security we have identified that “a large part of global primary production takes place in just a few countries [...] often outside the Western industrialized world. Metals are obtaining a stronger geo-political and geo-economic meaning, just as fossils fuels, and can and will be used as a means of power politics.”⁵⁰⁷ Chinese investments were also diverted to different sectors – the most attractive was for China energy sector followed by metals and transportation. All of them play a strategic role for other production or infrastructure development together with access to markets.

However a challenge for political-economic weight of the EU in Latin America was actually more endangered by the EU itself or better to say by its economic performance. The European Council's representatives after the euro crisis defended an economic capacity of the EU as for example made President of the European Council Herman Van Rompuy at the opening of the EU-CELAC Summit in Chile (2013) when he said that “the European Union has taken resolute action to address the causes and effects of the crisis in the eurozone. Unrelenting efforts both in individual countries and together as a Union,

Press, pp. 48-49. ISBN 978-081-2244-199.

⁵⁰⁷ DIEDEREN, André. *Global resource depletion, managed austerity and the elements of hope*. Delft: Eburon Academic Publishers, 2010. pp. 53. ISBN 978-9059724259.

are starting to bear fruit. I am confident to say that Europe has turned the corner, while much remains to be done. In order to deepen our European Monetary Union and to enhance our overall competitiveness.”⁵⁰⁸

Based on our discourse we can conclude that China in Latin America systematically used to its advantage opportunities of political and economic weaknesses in the region in order to make a progress in its engagement which often disproportionately vary from state to state. On the contrary to the EU, which preferred inter-regional negotiations with MERCOSUR and CAN, China was focused on vis-a-vis separately. This system provided to China comparative advantages – agility and speed. Beijing also took advantage of Market Economy status (MES) accords as “China has managed to sign with fifteen Latin countries. Many of these countries signed these accords unwittingly, as Chinese diplomats told them they were a 'normal' part of bilateral 'strategic partnerships.' In fact MES status exempts China from countervailing dumping duties.”⁵⁰⁹ The pressure from China to obtain MES from Latin America countries would be considered in the same scheme as during the FTA negotiation with Australia where “a major objective of Beijing from AUCFTA was to obtain Australia's recognition of China full MES, the first such effort by Beijing.”⁵¹⁰

⁵⁰⁸ Remarks by President of the European Council Herman Van Rompuy at the opening of the EU-CELAC Summit: EUCO 28/13. [online]. Santiago de Chile: EUROPEA COUCIL THE PRESIDENT, 2013, 26 January 2013 [cit. 2014-03-16]. Retrieved from: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/e_c/135035.pdf

⁵⁰⁹ SHAMBAUGH, David L. *China goes global: the partial power*. New York: Oxford University Press, c2013, xvi, pp. 118. ISBN 978-0199860142.

⁵¹⁰ JIANG, Yang. *China's policymaking for regional economic cooperation*. New York: Palgrave Macmillan, 2013, International Political Economy. pp.

The rising economic power of China made Beijing more confident during negotiations with Western countries including the EU and “based on its awareness of European economic interests, the Chinese government has adopted active economic statecraft, rewarding cooperative [...] punishing those overly critical of China.”⁵¹¹ During 1989-1992 after Tiananmen Square Massacre was Chinese diplomacy defensive with low profile and the leadership of Chinese Communist Party has been also focused on the internal political stabilization.⁵¹² Chinese defensive strategy was left already in 1992 when Beijing has been capable to influence in its favor vote on a Tibet resolution in the UN. The West strategy to have Costa Rica as the lead sponsor failed due to Chinese pressure and China also attracted votes from developing member states “while the West received only one developing nation vote, from Latin America.”⁵¹³

We would consider that 'Asia pivot' opened an opportunity for the EU to declare its commitments in Latin America – something what we could call 'Latin America pivot' or 'South America pivot'. This step would have been not only a gesture of the self-confident EU re-balancing a new course of the US foreign policy but it could send as well a clear message (paraphrasing President Barack Obama) that “Europe has been, and always will be, a place of Atlantic nations”. José Barroso made this vision even broader during CELAC-

80. ISBN 978-113-7347-596.

⁵¹¹ WAN, Ming. *Human rights in Chinese foreign relations: defining and defending national interests*. Philadelphia: University of Pennsylvania Press, c2001, pp. 78. ISBN 978-0812235975.

⁵¹² DENG, Yong. *China's struggle for status: the realignment of international relations*. New York: Cambridge University Press, 2008, pp. 41. ISBN 978-0521714150.

⁵¹³ Ibid., pp. 113.

European Union Summit in 2013: “A lo largo de la historia, el Atlántico nunca funcionó como zanja, sino como puente. El intercambio de ideas, personas, comercio, inversiones se ha mantenido siempre intenso, ayudando a forjar la comunidad de destino que es el espacio euro-latino-americano y caribeño.”⁵¹⁴

Having in mind negotiations between the US and the EU about Transatlantic partnership so the EU would have political and economic advantages in case of a broader inter-regional integration with South/Latin America – at least as the informal leader. In spite of that this idea could remind more an academic exercise than a seriously taken political agenda so it was at least partially mentioned in the study requested by the European Parliament's Committee on Foreign Affairs: “The European Union should promote a new transatlantic partnership encompassing both North and South America. Such cooperation is necessary not only to respond to competitive challenges from countries like China and India, but also to help develop new markets in Africa and to promote strong partnerships across the South Atlantic. More important, a new transatlantic partnership is essential to protect the security of the Atlantic basin [...]”⁵¹⁵ The wider Transatlantic partnership under the informal leadership of the EU would also give a deeper meaning to negotiations between the EU and Brazil/MERCOSUR. Summarizing the relation between the EU

⁵¹⁴ Declaración del Presidente Barroso tras la Cumbre EU-CELAC: European Commission - SPEECH/13/58 27/01/2013. *Speech: Declaración del Presidente Barroso tras la Cumbre EU-CELAC: Press Releases* [online]. Brussels: European Commission, 2013, 27/01/2013 [cit. 2014-03-16]. Retrieved from: http://europa.eu/rapid/press-release_SPEECH-13-58_es.htm

⁵¹⁵ DOVER, Robert and Erik JONES. The role of the EU in promoting a broader transatlantic partnership. In: *Policy Department* [online]. 2013 [cit. 2014-03-16]. pp. 1. ISBN 978-92-823-4158-2. DOI: 10.2861/12515. Retrieved from: <http://bookshopp.europa.eu/en/the-role-of-the-eu-in->

and Latin America called Susanne Gratius for “un nuevo paradigma con instrumentos y estrategias que sirvan para afrontar los retos actuales y futuros. Las relaciones europeo-latinoamericanas ya no son lo que eran. Por el ascenso de China, la Unión Europea está perdiendo relevancia para América Latina [...] Europa ya no es tan prioritaria para América Latina.”⁵¹⁶ At the very beginning of this dissertation we underlined that EU-Latin America relations have been predominantly influenced by economic relations which made more important for the EU's interests in the region. Indeed, Chinese cultural influence would be minimal on Latin American society but it would have (and it had) influence on political decisions of Latin American countries.

However in order to achieve positive results (or to open new topics) in mutual relations with the region it would be necessary by the EU to bring some sacrifices - for example the Common Agriculture Policy (CAP). In 2011 CAP expenditure in the total EU expenditure shared 44%⁵¹⁷ which means that still almost half of the budget contributed just to only one sector. Having in mind that in 2010 lived in the EU about 500 mil. people⁵¹⁸ and “there were 12 million farms in the European

promoting-a-broader-transatlantic-partnership-pbBB3213079/

⁵¹⁶ GRATIUS, Susanne. Europa y América Latina: a necesidad de un nuevo paradigma. In: *Documento de trabajo: N°116* [online]. Madrid: FRIDE, 2013 [cit. 2014-03-16]. ISSN 2172-5853. Retrieved from: http://www.fride.org/descarga/WP_116_Europa_y_America_Latina.pdf

⁵¹⁷ CAP post - 2013: Key graphs & figures: CAP expenditure in the total EU expenditure. In: *CAP expenditure in the total EU expenditure: CAP expenditure in the total EU expenditure* [online]. Brussel: DG Agriculture and Rural Development, © European Union, 2014, February 2014 [cit. 2014-03-06]. Retrieved from: http://ec.europa.eu/agriculture/cap-post-2013/graphs/graph1_en.pdf

⁵¹⁸ Population on 1 January. *Eurostat - Tables, Maps and Graphs* [online]. Brussels: Eurostat, 2014 [cit. 2014-03-16]. Retrieved from: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&language=en&>

Union, but most data sources tend to agree in saying that around 10 million persons (in full-time equivalents) are employed in agriculture in the European Union [...]. These 10 million persons working in the EU farms represent 5% of the total employment.”⁵¹⁹ Almost the same situation was in 2012 when share of agricultural population was 5.13% while share of agriculture was 1.42% of GDP.⁵²⁰ In other words about 5% of the EU population needed almost half of the EU budget in order to contribute to the EU GDP with less than 2%.⁵²¹ The EU during WTO negotiations in Doha indicated that Brussels viewed agriculture policy connected to non-trade issues as for example the environment and biodiversity.⁵²² The issue of CAP therefore would set other obstacles indirectly connected to other areas as the environment protection. The Doha Development Round also had a negative impact on negotiations between EU-MERCOSUR due to Brazil which

pcode=tps00001&tableSelection=1&footnotes=yes&labeling=labels&plugin=1

⁵¹⁹ How many people work in agriculture in the European Union?: An answer based on Eurostat data sources. In: *EU Agricultural Economic s Briefs are available in Europa: http://ec.europa.eu/agriculture/rural-area-economics/briefs/index_en.htm Agriculture and Rural Development EU Agricultural Economic s Briefs: No 8 | July 2013* [online]. Brussels: European Union, 2013 [cit. 2014-03-16]. pp. 2. Retrieved from: http://ec.europa.eu/agriculture/rural-area-economics/briefs/pdf/o8_en.pdf

⁵²⁰ FAO AGRICULTURE AND TRADE POLICY BACKGROUND NOTE: THE EUROPEAN UNION. In: *Trade Policy Brief* [online]. [cit. 2014-03-16]. Retrieved from: http://www.fao.org/fileadmin/templates/est/meetings/wto_comm/Trade_Policy_Brief_EU_final.pdf

⁵²¹ Gross value added of the agricultural industry - basic and producer prices. *Eurostat - Tables, Maps and Graphs* [online]. Brussels: Eurostat, 2014 [cit. 2014-03-16]. Retrieved from: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tag00056&plugin=1>

⁵²² JACK, Brian. *Agriculture and EU environmental law*. Burlington, Vt.: Ashgate Pub., c2009, pp. 246-247. ISBN 07-546-9241-8.

believed that Doha could bring more advantages in future for further negotiations.⁵²³

The EU on protection of agriculture subsidies wasn't alone and similar position kept also other developed states including the US. Javier Corrales indicated not the complexity of these obstacles but described the indirect effect as well: "The refusal of the EU, the United States, Japan and Canada to liberalize agricultural markets leaves Latin America with agricultural production surpluses. China is therefore a natural and immediate trading partner with South America on agricultural markets."⁵²⁴ The export of agricultural production was particularly important for MERCOSUR, where has accounted for almost 40%, while Brazil seemed to be one of the least dependent members of MERCOSUR on agricultural exports. In total figures MERCOSUR's agriculture export to the EU during 2008-2010 driven by Argentina and Brazil which made around 23% of total the EU's agricultural imports.⁵²⁵ Brazilian exports of agricultural products between 1997-2001⁵²⁶ to the EU more

⁵²³ HOLLAND, Martin and Mathew DOIDGE. *Development policy of the European Union*. 1st ed. New York: Palgrave Macmillan, 2012, pp. 155. ISBN 978-023-0019-898.

⁵²⁴ JILBERTO, Alex E. Fernández and Barbara HOGENBOOM (eds.). *Latin America facing China: South-South relations beyond the Washington consensus*. New York: Berghahn Books, 2010, Cedla Latin America Studies. pp. 119. ISBN 978-184-5457-396.

⁵²⁵ Background document for the Advisory Group on International Aspects of Agriculture - 12 March 2012. In: *International aspects of agricultural policy* [online]. Brussels: European Commission Directorate-General for Agriculture and Rural Development, 2012 [cit. 2014-03-16]. Retrieved from: http://ec.europa.eu/agriculture/consultations/advisory-groups/international/2012-03-12/report_en.pdf

⁵²⁶ SANDREY, Ron and VINK, Nick: The rise and rise of Brazilian agriculture: what does it mean for South Africa?. SANDREY, Ron, Taku FUNDIRA, Nick VINK, Hans G. JENSEN, Willemien VILJOEN and Bonani NYHODO. *BRICS: South Africa's way ahead ?* [online]. Stellenbosch, South Africa: Tralac, 2013 [cit. 2014-03-16]. pp. 174. ISBN

than doubled from \$US 7,461 million (1997) to \$US16,560 million (2011). It would be considered as the impressive figure but during the same period those exports to China rose more than twenty-two times from \$US 651 million to \$US 14,602 million. In 2011 China became number two for Brazilian agriculture exports.

At the very beginning of this dissertation we have proposed a hypothesis that the intra-regional economic integration was important for Europe-Latin America relations. In further analysis we pointed out the fact that economic ties were consistent with the historical development of the inter-regional ties. We understood economy as the integral element contributing significantly to development of these relations but not as exclusive element because “the links between economic interdependence and peace have always been more elusive and difficult either to demonstrate or to refute with any precision.”⁵²⁷ We didn't advocate for democratic peace theory which is empirically difficult to prove and on the contrary we have preferred realism⁵²⁸ not as a superior theory but rather as more adequate. Our conclusion is that economy historically played important role in the relations between the EU and Latin America where acted as one of many other factors in mutual interests. In the post-Cold War period the economic interest prevailed on both sides and limitations of

978-098-7012-777. Retrieved from: <http://www.tralac.org/2013/08/28/e-book-brics-south-africas-way-ahead/>

⁵²⁷ HURRELL, Andrew: Security in Latin America, International Affairs (Royal Institute of International Affairs 1944-), Vol. 74, No. 3 (Jul., 1998), pp. 529-546, Published by: Wiley, Article Stable URL: <http://www.jstor.org/stable/2624967>, pp. 529.

⁵²⁸ LAYNE, Christopher: Kant or Cant: The Myth of the Democratic Peace. BROWN, Michael E., Sean M LYNN-JONES and Steven E. MILLER (eds.). *Debating the democratic peace*. Cambridge, Mass.: MIT Press, c1996, pp. 185-159. ISBN 02-625-2213-6.

these mutual relations has become a significant weakness, as the EU was losing an important position at the expense of other markets – above all China but South Korea, Japan or India as well. The positions of the EU weren't challenged only by trade exchange and demands for primary products by East Asia. The China-Brazil Business Council (CBBC) in its research identified that FDI to Argentina raised in 2010 by 36,4% (\$US 5550 millions) and to Brazil by 62,7% (\$US 9563 millions) as “the entry of Chinese investments to Brazil was not an isolated event. On the contrary, the investments in Brazil occurred later than in other countries throughout the world.”⁵²⁹ In Argentina were biggest acquisitions in 2010 and 2011 done not by private investors but by Chinese SOEs – Sinopec and CNOOC (China National Offshore Oil Corporation) which has become in the country “key actors” for crude oil extraction.⁵³⁰

During negotiations between the EU and MERCOSUR has been identified one of the main obstacles for further inter-regional integration – slow intraregional integration process in Latin America. The institutional and economic integration efforts of the EU would be hardly questioned in spite of challenges caused by national interests. On the other side Latin/South America “shows relatively slow progress. There are mainly weak (or non-existent) institutions [...]”⁵³¹ The MERCOSUR's

⁵²⁹ Chinese Investments in Brazil: A new phase in the China-Brazil relationship. In: *Chinese Investments in Brazil - research May/2011* [online]. the China-Brazil Business Council (CBBC), 2011 [cit. 2014-03-23]. pp. 19-20. Retrieved from: <http://www.wilsoncenter.org/sites/default/files/Chinese%20investments%20in%20Brazil%20research.pdf>

⁵³⁰ Foreign Direct Investment in Latin America and the Caribbean: 2011. In: *Briefing paper* [online]. Santiago, Chile: ECLAC/CEPAL, 2012 [cit. 2014-03-24]. pp. 31. Dostupné z: <http://www.eclac.cl/publicaciones/xml/2/46572/2012-182-LIEI-WEB.pdf>

⁵³¹ BAUMANN, Renato: Integration in Latin America - trends and challenges. VOLZ, Ulrich. *Regional integration, economic development and global*

integration challenges were actually ironically caused by its main co-founder Brazil which automatically created the asymmetry due to its size and also refused to take a initiative leading to supranational institutions.⁵³² Out of our focus wouldn't be the fact that Brazil's left wing policy attracted Argentina and Venezuela⁵³³ – both countries at the same time almost chronically suffered from social and economic instability. Karel de Gucht in his speech to the European Parliament identified that "the internal situation of Mercosur is rather complex, and this is not without consequences on the negotiations."⁵³⁴

Success of economic projects likes NAFTA and the EC/the EU encouraged Brussels and Washington to consider other options like inter-regional integration in order to promote further economic growth. Taking into account strictly the geographic position, so Europe is basically in much less favorable position, than the US. While the West of Europe is conveniently opened to the Atlantic and on the South to the Mediterranean Sea, so from the East is Europe landlocked. The US in contrast to Europe is situated between Canada and

governance. Northampton, MA: Edward Elgar, c2011, pp. 92. ISBN 978-1849809146.

⁵³² LAURSEN, Finn: Requirements for Regional Integration: A comparative Perspective on the EU, the Americas and East Asia. LAURSEN, Finn (ed.). *Comparative regional integration: Europe and beyond*. Burlington, VT: Ashgate Pub., c2010, pp. 253-256. ISBN 14-094-0182-0.

⁵³³ VIGEVANI, Tullo, Gabriel CEPALUNI, Phillippe C. SCHMITTER and Leandro MOURA. *Brazilian foreign policy in changing times: the quest for autonomy from Sarney to Lula*. Lanham, Md.: Lexington Books, c2009, pp. 121. ISBN 978-0739128817.

⁵³⁴ DE GUCHT, Karel. Plenary speaking points: State of play of the EU's tradenegotiations with Mercosur. *Plenary of the European Parliament* [online]. Brussels: European Commission, 2013, 17 January 2013 [cit. 2014-03-15]. Retrieved from: http://trade.ec.europa.eu/doclib/docs/2013/january/tradoc_150244.pdf

Mexico (NAFTA) and between the Atlantic ocean and the Pacific ocean. These geographical conditions could create the impression that the US has a significant comparative advantage which would be transformed to Transatlantic Trade and Investment Partnership⁵³⁵ and Trans-Pacific Partnership Agreement.⁵³⁶ However it is necessary consider other important factors. While Transatlantic Trade and Investment Partnership Agreement is limited just to negotiations between the EU and the US so Trans-Pacific Partnership⁵³⁷ should encompass the US, Australia, Brunei, Chile, Malaysia, Mexico, New Zealand, Canada, Peru, Singapore, Vietnam, Japan⁵³⁸ and maybe

⁵³⁵ In focus: Transatlantic Trade and Investment Partnership (TTIP). *Trade: Policy* [online]. Brussels: European Commission, 2014, 14 Mar 2014 [cit. 2014-03-16]. Retrieved from: <http://ec.europa.eu/trade/policy/in-focus/ttip/>

⁵³⁶ STATEMENT OF THE MINISTERS AND HEADS OF DELEGATION FOR THE TRANS-PACIFIC PARTNERSHIP COUNTRIES: Singapore. *Offcie of the United States Representatives: Trans-Pacific Partnership (TPP)* [online]. Singapore: USTR.gov, 2013, December 10, 2013 [cit. 2014-03-16]. Retrieved from: <http://www.ustr.gov/tpp>

⁵³⁷ The US has started informal negotiations on Trans-Pacific Partnership Agreement already during Bush's administration by Susan Schwab. This fact points out that it is the widespread myth that the administration of George W. Bush was exclusively focused on the Middle East or the War on Terror. See also: Testimony of Susan C. Schwab Former U.S. Trade Representative and Professor, School of Public Policy, University of Maryland on "The Trans - Pacific Partnership Agreement: Challenges and Potential". *The Subcommittee on Terrorism, Nonproliferation, and Trade and the Subcommittee on Asia Pacific of the Committee on Foreign Affairs of the U.S. House of Representatives* [online]. Washington, DC: U.S. House of Representatives, 2012, May 17, 2012 [cit. 2014-03-16]. Retrieved from: <http://archives.republicans.foreignaffairs.house.gov/112/HHRG-112-FA18-WState-SchwabS-20120517.pdf>

⁵³⁸ Economic Outlook for Southeast Asia, China and India 2014: Beyond the Middle-Income Trapp. In: [online]. OECD Development Centre, 2013 [cit. 2014-03-16]. pp. 82. ISBN 9789264204003. DOI: 10.1787/saeo-2014-en. Retrieved from: http://www.oecd-ilibrary.org/development/economic-outlook-for-southeast-asia-china-and-india-2014_saeo-2014-en

additionally also South Korea and Taiwan as well. More parties involved in negotiations on Trans-Pacific Partnership usually rise more issues to settle. It is also important to consider the position of China which analyzed that “while the US is trying to grasp the leadership of the Asia-Pacific cooperative through the TPP in order to share in the high economic growth of Asia, it is also trying to restrain China from taking the lead for security reasons.”⁵³⁹ From our point of view it is more important that in negotiations on Trans-Pacific Partnership were involved Chile, Peru and Mexico because it would create trade triangle among North America, East Asia and the Pacific side of South America.

Not only because of these aspects we should dedicate thoughts to the opinion that “the United States, European Union, and Latin America should build a stronger, more equal trilateral partnership based on a community of interests and values — this is in the economic, security, and political interests of all three.”⁵⁴⁰ A proposed scheme could be considered like intellectual or academic exercise than a viable idea because of many obstacles for the intraregional integration in Latin America. On the other hand the triangle the United States, Latin America and China/East Asia would be a similar scheme

⁵³⁹ JIN, Jianmin. China’s Concerns Regarding TPP No More than Empty Worries?. *FUJITSU RESEARCH INSTITUTE: Current Topics 2012* [online]. FUJITSU RESEARCH INSTITUTE, Copyright 1995 - 2014, January 11, 2012 [cit. 2014-03-16]. Retrieved from: <http://jpp.fujitsu.com/group/fri/en/column/message/2012/2012-01-11.html>

⁵⁴⁰ ATLANTIC COUNCIL. *The Trilateral Bond: Mapping a New Era for Latin America, the United States, and Europe* [online]. Washington, DC: Atlantic Council, 2013 [cit. 2014-03-16]. ISBN 978-1-61977-034-8. Retrieved from: <http://www.atlanticcouncil.org/publications/reports/the-trilateral-bond-mappipp.8.ng-a-new-era-for-latin-america-the-united-states-and-europe-1>

but definitely less convenient for the European Union.⁵⁴¹ Kevin Gallagher for Reuters very bluntly noted: “The Chinese are a kick in the pants for the United States to articulate a little bit more of a serious relationship with the region.”⁵⁴² Maybe the same would be apply on the EU in order to protect not only its economic interests in Latin American countries but also to be sure that the region would have the reason to stay “closely affiliated with the West [...]”.⁵⁴³

⁵⁴¹ See also: RATLIFF, William. In Search of a Balanced Relationship: China, Latin America, and the United States. *Asian Politics & Policy* [online]. 2009, January/March 2009, Volume 1, Issue 1, s. 1-30, 22 APR 2009 [cit. 2014-03-16]. DOI: 10.1111/j.1943-0787.2009.01100.x. Retrieved from: <http://onlinelibrary.wiley.com/doi/10.1111/j.1943-0787.2009.01100.x/references>

⁵⁴² GRUDGINGS, Stuart and Simon GARDNER. Analysis: Rising China threatens U.S. clout in Latin America. *Reuters: U.S. Edition* [online]. RIO DE JANEIRO/SANTIAGO: Thomson Reuters, 2011, Mar 16, 2011 [cit. 2014-03-16]. Retrieved from: <http://www.reuters.com/article/2011/03/16/us-latinamerica-china-idUSTRE72F19C20110316>

⁵⁴³ HUNTINGTON, Samuel pp. *The clash of civilizations and the remaking of world order*. Simon. New York: Simon, 2011, pp. 46. ISBN 978-145-1628-975.

VII. APPENDIX

**Table 1: European Union, Trade with Latin American Countries
2012 - SITC product Groups⁵⁴⁴**

Imports 2012			Exports 2012		
Product	Value (Mio EUR)	Share (%)	Product	Value (Mio EUR)	Share (%)
Primary products	75,743	67,8	Primary products	13,495	11,9
Manufactures	31,726	28,4	Manufactures	96,459	84,9
Other products	2,846	2,6	Other products	1,531	1,4

Source: European Commission

Table 2: UN Data - GDP growth (annual %)

Country or Area	Year	Value
World	2012	2,2
World	2011	2,8
World	2010	4,0
World	2009	-2,1
World	2008	1,4

Source: World Development Indicators | The World Bank⁵⁴⁵

⁵⁴⁴ **European Union, Trade in goods with Latin American**

Countries. In: *European Union, Trade in goods with Latin American Countries* [online]. Brussel: European Commission Directorate-General for Trade, 2013, 07-11-2013 [cit. 2014-03-06]. Dostupné z: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113483.pdf

⁵⁴⁵ UN data | record view: GDP growth (annual %). UNITED NATIONS STATISTICS DIVISION - THE WORLD BANK. *UN data | record view: GDP growth (annual %)* [online]. © 2014 [cit. 2014-03-06]. Dostupné z: http://data.un.org/Data.aspx?d=WDI&f=Indicator_Code%3ANY.GDP.MKTP.KD.ZG

Table 3: Import-Export Values Brazil-Germany 2010-2012 (EUR 1 000 million)

Indicators	Import Value to the EU/MS (1000 EURO)	Import Value to the EU/MS (1000 EURO)	Import Value to the EU/MS (1000 EURO)	Export Value from the EU/MS (1000 EURO)	Export Value from the EU/MS (1000 EURO)	Export Value from the EU/MS (1000 EURO)
EU Member State(s)	Germany	Germany	Germany	Germany	Germany	Germany
Years	2010	2011	2012	2010	2011	2012
Partners						
BRAZIL	6 055 912.010	6 984 355.440	6 859 712.640	10 314 065.920	11 100 226.720	11 612 530.240

Source: Comext (Last updated on: 28 May 2013)

Table 4: Import-Export Values Brazil-France 2010-2012 (EUR 1 000 million)

Indicators	Import Value to the EU/MS (1000 EURO)	Import Value to the EU/MS (1000 EURO)	Import Value to the EU/MS (1000 EURO)	Export Value from the EU/MS (1000 EURO)	Export Value from the EU/MS (1000 EURO)	Export Value from the EU/MS (1000 EURO)
EU Member State(s)	France	France	France	France	France	France
Years	2010	2011	2012	2010	2011	2012
Partners						
BRAZIL	3 155 697.120	3 456 542.060	3 707 791.100	3 585 911.730	3 999 414.310	4 626 284.330

Source: Comext (Last updated on: 28 May 2013)

Table 5: GNI per capita, Atlas method (current US\$US) - selected countries and regions

Country Name	2009	2010	2011	2012
Bolivia	1610	1760	1960	2220
Brazil	8140	9520	10700	11630
Chile	9930	10720	12270	14310
Colombia	5030	5460	6100	7020
Ecuador	4070	4330	4770	5170
European Union	34056	33830	34078	33641
Latin America & Caribbean (developing only)	6875	7613	8251	8981
Latin America & Caribbean (all income levels)	7091	7828	8491	9267
Mexico	8500	8700	8950	9640
Peru	4210	4720	5250	6060
Venezuela, RB	10140	11520	11760	12460

Source: World Development Indicators, World Bank national accounts data, and OECD National Accounts data files

Table 6: Top ten countries as extra EU-27 partners for FDI positions, EU-27, end 2009-2011 (EUR 1 000 million)⁵⁴⁶

	Outward				Inward			
	2009	2010	2011	Growth rate 2009-2011 (%)	2009	2010	2011	Growth rate 2009-2011 (%)
Extra EU-27	3,751.0	4,247.0	4,983.5	32.9	2,783.3	3,142.8	3,806.8	36.8
United States	1,204.7	1,275.2	1,421.3	18.0	1,089.7	1,240.0	1,344.3	23.4
Switzerland	518.5	561.5	616.4	18.9	340.0	395.9	467.3	37.4
Brazil	139.7	200.2	238.9	71.0	63.9	85.2	77.8	21.9
Canada	166.2	196.9	221.6	33.4	125.0	144.0	137.6	10.0
Russia	99.1	130.6	166.8	68.4	46.9	50.6	53.1	13.4
Australia	81.2	118.9	124.9	53.8	30.2	29.5	34.3	13.5
Hong Kong	90.2	110.9	124.0	37.4	27.5	41.5	63.9	132.0
Singapore	95.6	110.1	122.8	28.4	50.1	60.3	67.3	34.4
China	63.9	79.9	101.5	58.9	5.9	6.4	15.0	155.4
Japan	81.8	88.3	85.8	4.9	126.8	132.2	144.2	13.7

Source: Eurostat (online data code: bop_fdi_main)

⁵⁴⁶ EU direct investments - main indicators [bop_fdi_main]. *Eurostat: Data Explorer* [online]. Brussels: European Commission, 2013, 16-12-2013 [cit. 2014-03-14]. Dostupné z: http://appsso.eurostat.ec.europa.eu/nui/show.do?query=BOOKMARK_DS-212342_QID_7471DF6B_UID_-3F171EBo&layout=POST,L,X,o;TIME,C,X,1;PARTNER,L,Y,o;INDIC_BP,L,Z,o;GEO,L,Z,1;INDICATORS,C,Z,2;&zSelection=DS-212342INDIC_BP,STOCKS;DS-212342GEO,EU27;DS-212342INDICATORS,OBS_FLAG;&rankName1=INDIC-BP_1_2_-1_2&rankName2=INDICATORS_1_2_-1_2&rankName3=GEO_1_2_1_1&rankName4=POST_1_2_o_o&rankName5=TIME_1_o_1_o&rankName6=PARTNER_1_2_o_1&sortR=ASC_2&rStp=&cStp=&rDCh=&cDCh=&rDM=true&cDM=true&footnes=false&empty=fals

Table 7: International Energy Statistics: Petroleum - Production

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	2008	2009	2010	2011	2012
North America	15,091.3	15,453.4	16,104.9	16,693.5	17,903.0
Central & South America	7,463.8	7,525.4	7,687.3	7,857.2	7,801.1
Europe	5,190.4	4,983.0	4,646.8	4,269.0	3,990.9
Eurasia	12,561.0	12,943.5	13,255.6	13,332.3	13,415.3
Middle East	25,836.1	24,470.2	25,628.7	27,117.3	27,222.8
Africa	10,638.4	10,501.3	10,739.6	9,366.9	10,019.6
Asia & Oceania	8,692.9	8,755.7	9,135.0	8,976.8	8,990.9
World	85,473.9	84,632.5	87,197.8	87,612.9	89,343.6

Source: U.S. Energy Information Administration

Table 8: International Energy Statistics: Petroleum - Consumption⁵⁴⁸

	2008	2009	2010	2011	2012
North America	23,893.0	23,014.4	23,534.5	23,270.1	22,930.0
Central & South America	6,014.1	6,105.6	6,330.5	6,570.6	6,764.5
Europe	16,151.8	15,375.2	15,336.9	14,961.0	14,424.2
Eurasia	4,155.7	4,132.8	4,160.4	4,365.5	4,528.5
Middle East	6,499.6	6,752.1	6,991.4	7,536.6	7,620.5
Africa	3,141.4	3,260.2	3,373.6	3,296.9	3,360.4
Asia & Oceania	24,709.7	26,172.3	27,718.9	28,593.0	29,566.7
World	84,565.3	84,812.7	87,446.2	88,593.6	89,194.8

Source: U.S. Energy Information Administration

⁵⁴⁷ International Energy Statistics: Petroleum - Production. *International Energy Statistics* [online]. U.S. Department of Energy [cit. 2014-03-15]. Dostupné z: <http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=53&aid=1>

⁵⁴⁸ International Energy Statistics: Petroleum - Consumption. *International Energy Statistics* [online]. U.S. Department of Energy [cit. 2014-03-15]. Dostupné z: <http://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=5&pid=5&aid=1>

Table 9: Oil - Production⁵⁴⁹

Thousand barrels daily	2008	2009	2010	2011	2012	Change 2012 over 2011	2012 share of total
US	6783	7263	7552	7868	8905	13,9%	9,6%
Canada	3207	3202	3332	3526	3741	6,8%	4,4%
Mexico	3165	2978	2959	2940	2911	-0,7%	3,5%
Total North America	13156	13444	13843	14335	15557	8,9%	17,5%
Argentina	772	743	722	687	664	-3,8%	0,8%
Brazil	1895	2024	2137	2193	2149	-2,0%	2,7%
Colombia	588	671	786	915	944	3,2%	1,2%
Ecuador	507	488	488	501	505	0,8%	0,7%
Peru	99	107	113	110	107	-3,0%	0,1%
Trinidad & Tobago	174	153	148	140	121	-13,7%	0,1%
Venezuela	3222	3033	2838	2766	2725	-1,5%	3,4%
Other S. & Cent. America	138	134	134	137	145	4,5%	0,2%
Total S. & Cent. America	7395	7353	7367	7449	7359	-1,2%	9,2%

Source: BP

**Table 10: Brazil - Total Oil Supply and Petroleum Consumption
(Thousand Barrels Per Day)**

	2008	2009	2010	2011	2012
Total Petroleum Consumption	2204,61323	2481,45419	2621,7818	2721,62284	2806,93648
Total Oil Supply	2431,46922	2561,71301	2712,47255	2685,15441	2651,8941
Balance	226,85599	80,25882	90,69075	-36,46843	-155,04238

Source: BP

d=2

⁵⁴⁹ Oil prices. *Oil prices: BP Global* [online]. BP p.l.c., © 1996-2014 [cit. 2014-03-15]. Dostupné z: http://www.bp.com/content/dam/bp/excel/Statistical-Review/statistical_review_of_world_energy_2013_workbook.xlsx

Table 11: Oil – spot crude prices between 1972-2012⁵⁵⁰

US dollars per barrel	Dubai \$/bbl *	Brent \$/bbl †	Nigerian Forcados \$/bbl	West Texas Intermediate \$/bbl ‡
1972	1,90	-	-	-
1973	2,83	-	-	-
1974	10,41	-	-	-
1975	10,70	-	-	-
1976	11,63	12,80	12,87	12,23
1977	12,38	13,92	14,21	14,22
1978	13,03	14,02	13,65	14,55
1979	29,75	31,61	29,25	25,08
1980	35,69	36,83	36,98	37,96
1981	34,32	35,93	36,18	36,08
1982	31,80	32,97	33,29	33,65
1983	28,78	29,55	29,54	30,30
1984	28,06	28,78	28,14	29,39
1985	27,53	27,56	27,75	27,98
1986	13,10	14,43	14,46	15,10
1987	16,95	18,44	18,39	19,18
1988	13,27	14,92	15,00	15,97
1989	15,62	18,23	18,30	19,68
1990	20,45	23,73	23,85	24,50
1991	16,63	20,00	20,11	21,54
1992	17,17	19,32	19,61	20,57
1993	14,93	16,97	17,41	18,45
1994	14,74	15,82	16,25	17,21
1995	16,10	17,02	17,26	18,42
1996	18,52	20,67	21,16	22,16
1997	18,23	19,09	19,33	20,61
1998	12,21	12,72	12,62	14,39
1999	17,25	17,97	18,00	19,31
2000	26,20	28,50	28,42	30,37
2001	22,81	24,44	24,23	25,93
2002	23,74	25,02	25,04	26,16
2003	26,78	28,83	28,66	31,07
2004	33,64	38,27	38,13	41,49
2005	49,35	54,52	55,69	56,59
2006	61,50	65,14	67,07	66,02
2007	68,19	72,39	74,48	72,20
2008	94,34	97,26	101,43	100,06
2009	61,39	61,67	63,35	61,92
2010	78,06	79,50	81,05	79,45
2011	106,18	111,26	113,65	95,04
2012	109,08	111,67	114,21	94,13

* 1972 - 1985 Arabian Light, 1986 - 2012 Dubai dated.

† 1976 -1983 Forties, 1984 -2012 Brent dated.

‡ 1976 -1983 Posted WTI prices, 1984 -2012 Spot WTI (Cushing) prices.

Source: BP

⁵⁵⁰ Oil prices. *Oil prices: BP Global* [online]. BP p.l.c., © 1996-2014 [cit. 2014-03-15]. Dostupné z:

http://www.bp.com/content/dam/bp/excel/Statistical-Review/statistical_review_of_world_energy_2013_workbook.xlsx

Table 12: Top 20 Exporters of Containerized Cargo, 2009 and 2010

Ran k	Exporter	2009 TEUS (Millions)	2010 TEUS (Millions)
1	China	26.1	31.3
2	United States	10.2	11.2
3	Japan	4.8	5.7
4	South Korea	4.5	5.2
5	Taiwan, China	2.9	3.4
6	Thailand	3.0	3.4
7	Germany	2.6	3.0
8	Indonesia	2.7	3.0
9	Malaysia	2.2	2.5
10	Brazil	2.3	2.3
11	India	1.6	1.9
12	Vietnam	1.3	1.6
13	Saudi Arabia	1.1	1.6
14	Italy	1.5	1.6
15	Turkey	1.4	1.6
16	Netherlands	1.4	1.6
17	Canada	1.4	1.5
18	United Kingdom	1.4	1.5
19	France	1.2	1.3
20	Hong Kong	1.2	1.3
	World Total	99.8	114.3

Note: TEUs are fully loaded.

Source: IHS Global Insight, World Trade Service

Table 13: EU Merchandise trade with China⁵⁵¹

indicator	unit	2008	2009	2010	2011	2012	Annual average growth
imports	Billions of euros	247.9	214.1	282.5	293.8	289.9	4.0
share imports	%	15.8	17.7	18.5	17.1	16.2	
exports	Billions of euros	78.4	82.3	113.3	136.4	143.8	16.4
share exports	%	6.0	7.5	8.4	8.7	8.5	
balance	Billions of euros	-169.5	-131.8	-169.3	-157.4	-146.1	

Source: European Commission

Table 14: Destinations of German's direct investment in the years 1989 -2000

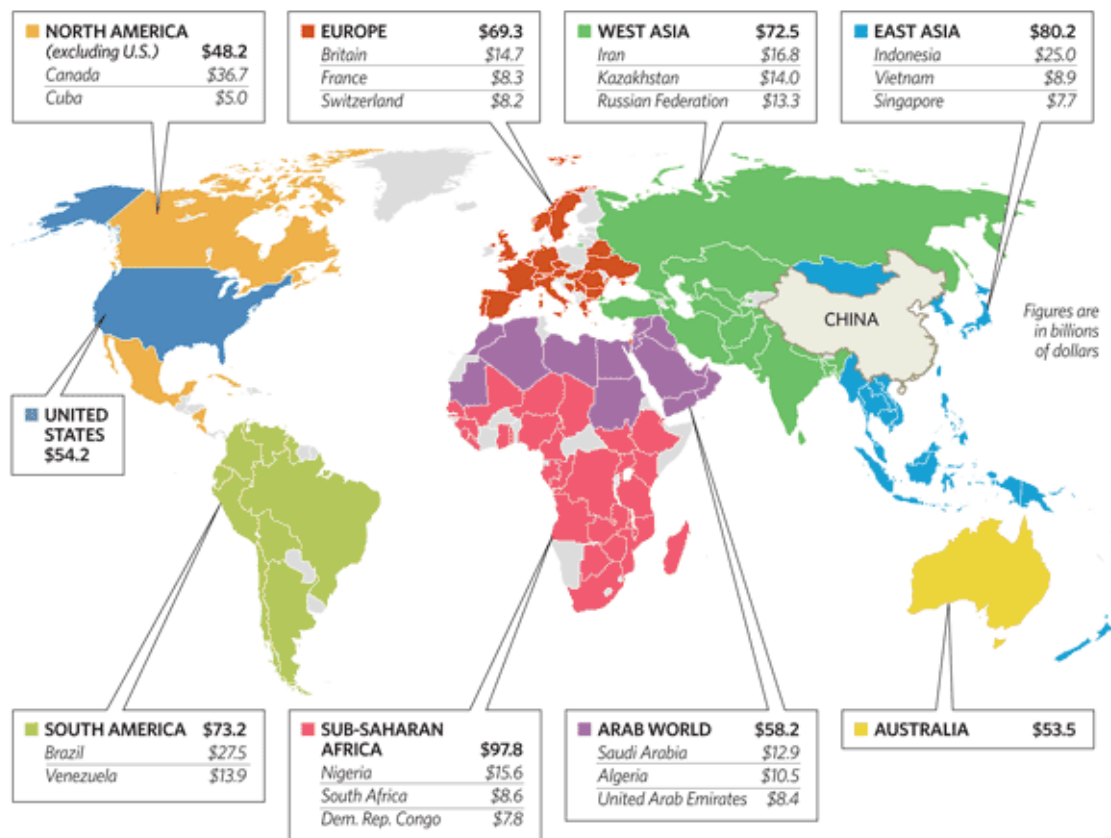
Region	Stock in 1989 (Mill. EURO)	Stock in 2000 (Mill. EURO)	Growth Rate
EU	45.962	234.836	511%
US	29.820	216.778	727%
Asia/Middle East	4.924	33.368	678%
East Europe	155	26.498	17.095%
Latin America/Caribbean	7.883	25.814	327%
Africa	1.972	4.686	238%

Source: Deutsche Direktinvestitionen in Lateinamerika. In: *Brennpunkt Lateinamerika*⁵⁵²

⁵⁵¹ Trade EU-China. EUROPEAN COMMISSION DIRECTORATE-GENERAL. *Trade EU-China* [online]. Brussels: European Commission Directorate-General, 2013 [cit. 2014-03-16]. Dostupné z: http://trade.ec.europa.eu/doclib/docs/2012/march/tradoc_149251.pdf

⁵⁵² RÖSLER, Peter. *Deutsche Direktinvestitionen in Lateinamerika*. In: *Brennpunkt Lateinamerika* [online]. 30. September 2002 - Nummer 18. Hamburg: INSTITUT FÜR IBEROAMERIKA-KUNDE, 2002 [cit. 2014-03-23]. Nr. 18-02. pp. 179. ISSN 1437-6148. Retrieved from: http://www.inef.uni-duisburg.de/page/documents/dmessner/Deutsche_DI_in_LA.pdf

Map 1: Chinese Investments in the World⁵⁵³



Source: Heritage Foundation (Dereck SCISSORS)

Based on data retrieved from:
http://thf_media.s3.amazonaws.com/2014/xls/China-Global-Investment-Tracker-2014.xls

⁵⁵³ SCISSORS, Derek. China's Global Investment Rises: The U.S. Should Focus on Competition. *Research* [online]. The Heritage Foundation, © 2014, January 9, 2013 [cit. 2014-03-15]. Dostupné z: <http://www.heritage.org/research/reports/2013/01/chinas-global-investment-rises-the-us-should-focus-on-competition>

VII.2. Abbreviations

CAP - Common Agriculture Policy

CDB - China Development Bank

CHINA – *here is meant* PRC (People's Republic of China) *which is the official title of country*

EC – European Commission or European Community – *depends on the context*

EU – European Union

EU27 - the 2007 enlargement (Bulgaria, Romania) of the European Union

FDI – Foreign Direct Investment

GDP - Gross domestic product

GINI - Gini coefficient/index, *invented by Corrado Gini*

MERCOSUR/MERCOSUL - Mercado Común del Sur, Mercado Comum do Sul, Southern Common Market

NAFTA -

NOC – National Oil Company

PEMEX - Petróleos Mexicanos

PRC – *look at CHINA*

PDVSA - Petróleos de Venezuela, Petroleum of Venezuela

SINOPEC - China Petroleum & Chemical Corporation

SOE - State-owned enterprise

UN – United Nations

US – United States of America

WTO - World Trade Organization

VIII. SOURCES

VIII.1. Primary Sources (Journal Articles, Websites/Grey Literature, Reports, Conferences)

IV EU-LAC SUMMIT: DECLARATION OF VIENNA. THE EUROPEAN UNION. *STRENGTHENING THE BI-REGIONAL STRATEGIC ASSOCIATION* [online]. Vienna, 2006, 12 May 2006 [cit. 2014-03-08]. Retrieved from: http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/eurosocial/documents/declaration_vienna_en.pdf

V LATIN AMERICA AND CARIBBEAN-EUROPEAN UNION SUMMIT Lima, May 16, 2008: LIMA DECLARATION. THE EUROPEAN UNION. *V Latin America and Caribbean-European Union Summit Lima May 2008* [online]. Lima: EU-LAC, 2008, May 16, 2008 [cit. 2014-03-08]. Retrieved from: http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/eurosocial/documents/declaration_lima_en.pdf

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