



>>> LATIN AMERICA GERMANY AND EUROPE: PARTNERSHIP FOR THE 21ST CENTURY

Latin America Strategy of the CDU/CSU Parliamentary Group

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I. The Importance of Latin America for Germany and Europe

Latin America¹ has always understood itself to be a part of the Western world and the community of democratic nations. For Germany and Europe, therefore, Latin American is and remains important as a partner for global governance to achieve an international order based on rules. It is essential that we foster and develop this partnership in order to raise the bilateral political dialog to a new level of quality for all areas of policy. This objective is all the more important given the fact that Latin America finds itself in a phase of comprehensive change ranging from its basic understanding of democracy to the role of the subcontinent in international politics. The international situation of the subcontinent has undergone fundamental change. Some Latin American countries, such as Brazil and Mexico, are taking an increasingly independent stance in world politics.

Maintaining and developing the democracies of Latin America is dependent upon combining solid economic development with the promotion of social justice. The developments seen in recent years in a number of nations are encouraging. In others, however, the gains made during the transformation processes of the past decades are at risk. Germany and the EU can and should support Latin America in pushing forward with its process of transformation. To this end, German and European foreign, economic, development and cultural policy in Latin America must become more tangible on the ground and be given a sharper profile. Germany and Europe should increasingly view the 36 countries of the region as a political partner in jointly shaping globalization, particularly in light of the fact that the existing multilateral international order often depends on organizing working majorities.

The “strategic partnership” that has been hailed for years between the EU and Latin America must be followed up with concrete and substantive political initiatives. German policy makers need to work with their partners in Latin America to yield more joint initiatives for German and international policies.

1. Latin American Diversity and German and European Interests

Over the past decades, Latin America has experienced profound political, economic and social change. Whereas in the 1970s most countries were ruled by authoritarian regimes, the 1980s and 1990s saw the rise or return of democratic systems of governance in nearly all Latin American states. Today – with the exception of Cuba – all administrations and parliaments have been legitimized by elections of high democratic standards. Following the “*década perdida*” – the lost decade – of the 1980s, the 1990s appeared to be a “*década de la esperanza*” – a decade of hope. But this hope did not materialize for every-

1. Latin America is understood here to include all countries of the Western Hemisphere except the United States and Canada.

one, and now, at the beginning of the 21st century, the region presents an ambivalent and heterogeneous picture. On the one hand, there do appear to be signs of a common political, economic and social development both within and between the Latin American countries and subregions. But despite these general – and for the most part positive – trends, it is necessary to take a differentiated view of the region as a whole.

The end of the cold war and the terrorist attacks of September 11, 2001, have made international relationships and hence the entire world order increasingly complex. What role do Europe and Latin America play in this rapidly changing world?

In contrast to the intense interest paid to Latin America in the development policy debates of the 1960s and during the following decade due to the region's authoritarian regimes and the debt crisis, the attention of Germany and Europe with regard to the subcontinent has waned since the 1990s. Eyes have now turned to other regions of the world where either greater crises and dangers loom or where the opportunities for realizing self-interests appear more promising.

But this must not result in the neglect of Latin America as a traditional partner of the past and important partner for the future.

From a cultural history perspective, Latin America is part of the Western world. The history of the subcontinent is inseparably linked to the history of Europe. The continents share linguistic, religious and philosophical roots that form the basis for a living community of values. Mutual relations are marked by affinity and trust, providing the optimum foundation for a positive, long-term partnership. The subcontinent must also be viewed politically as a part of the West. Following the historical triumphs of democracy over the past two decades, all the countries of Latin America – with the exception of Cuba – now belong to the circle of democratic countries. Today, Latin America represents the world's strongest bastion of democracy among the world's developing regions. This is the primary building block on which to construct common efforts for tackling global challenges. Brazil and Mexico in particular have in recent years extended their involvement in the search for solutions to global problems.

In this context, it is in Germany's and the EU's wisest self-interest to invest more heavily in the relationships that have grown.

To safeguard the democratization that has occurred, it is in our fundamental interest to promote sustainable development in Latin America and create greater economic, social and ecological stability.

Though no one can doubt that Latin America is the most democratic of the developing regions, the basis for the legitimacy of many of the area's democracies is very weak. To safeguard democratization, we have a fundamental interest in economic and social stability in Latin America as well as in its continued development. Many Latin American countries have stateless areas, deficient rule of law and state structures that reinforce barriers to development instead of working to overcome them. Widespread corruption, judicial shortcomings, insufficient participation of indigenous peoples and extreme social inequalities represent special challenges to efforts for consolidating democracy and peaceful development in Latin America. The fact that more than 200 million of the approximately 550 million inhabitants (40%) live below the poverty line and of these, some 80 million (15%) suffer from hun-

ger, is putting increasing strain on the general democratic consensus. On the whole, the gaps in income distribution and prosperity levels have grown wider in the societies of Latin America in the past years, not least because in most cases population growth has outstripped economic growth. One overarching problem is that the economic elites are not sufficiently fulfilling their responsibilities to their communities and to society as a whole.

One cause for this shortcoming is that many Latin American countries have not managed to establish a stable political party system anchored in the population. This not only hampers coherent reforms, it also works to favour populist administrations with authoritarian tendencies. There is a lack of trust in politics among the people. Corruption and nepotism have discredited many parties in the eyes of the electorate. And the bitterness and disappointment felt toward the lack of social responsibility displayed by most of the nations' elites has also found expression in a radical change in voter behaviour. Although surveys conducted by Latinobarómetro show that the majority of Latin Americans hold democracy to be superior to all other forms of government, the percentage of respondents sharing this opinion has been on the decline since the end of the 1990s. This has resulted in the all but complete demise of the traditional social democratic and Christian democratic parties. The latter are of national importance only in Chile and in Mexico.

The political left in Latin America today comes in many shapes and shades. It includes forces with government experience as well as forces that have recently sprung from so-called "movement parties". One could simplistically speak of two camps: a pragmatic social democratic left on the one hand and a populist left with revolutionary rhetoric on the other.

The leading exponent of the populist left is President Hugo Chávez, who is not only attempting to establish a populist regime of semi-authoritarian style in Venezuela, fostering close ties to Cuba and presenting himself as the spiritual heir to Fidel Castro, but who has for some years now been using high oil revenues to propagate his "Bolivarian Revolution" (which he has also called "socialism of the 21st century") beyond the borders of Venezuela. To the sounds of decidedly anti-American rhetoric, he is working to expand relations not only with China but also with Ahmadinejad's Iran. But Chávez suffered a painful setback at the ballot box in a referendum in December of 2007, in which he sought to firm up his position.

The demise of the traditional parties has also led to a weakening of the orientation force exerted by European models of democracy and development. In the Andes region in particular, these parties have been replaced by collective movements held together by a strong leadership figure, ethnic identity and/or neopopulist structures.

The traditional political forces in Latin America failed to summon the political will necessary to use the strong economic growth enjoyed in the 1990s and at other times to bring about an improvement of the social condition of broad segments of the population. That democratization, economic structural reform, broader political involvement and cuts in government welfare spending all occurred during the same time period placed an unmanageable burden on large portions of the

population. Often, the blame for this social polarization is placed on the liberal democratic system.

2. Increasing Integration of Latin America in the Global Economy

As concerns economic systems, the governments currently in power in Latin America are following completely different tracks.

On the one hand there are conservative and social democratic governments (in Chile, Columbia, Mexico and others) that are, to great success, pursuing an “open market model” with a high degree of global market integration. On the other hand, the populist administrations in Venezuela, Bolivia, Ecuador and Nicaragua are working to revitalize the idea of a centralized, state-run economy. The Venezuelan government is even aiming to establish the entrepreneurial role of the state on a regional scale. It is therefore important that Germany and Europe conduct a differentiated regulatory dialog with Latin America and that they take an active part in this open debate in the region (e.g. as a partner in the CEPAL or BID).

With some 550 million people between the Rio Grande and Tierra del Fuego, a 5% share of the world’s gross domestic product and 5.6% of the world’s exports, Latin America is the fourth largest economic region on the planet. Fanned by the dynamic development of the global economy, and following five boom years with annual growth rates exceeding 5% (accumulated 24% since 2004), Latin America has rarely stood on such solid ground at any time in history. Over the past 15 years, Latin America’s foreign trade has grown steadily and more rapidly than international trade as a whole. The main reason for this is the paradigm shift in economic policy that took place in the 1980s, when decades of inward-looking import substitution gave way to export-oriented integration in the global market.

A second reason is the high demand for raw materials, especially from the rapidly growing economies of Asia. Latin America can continue over the longer term to supply just about everything Asia urgently needs to continue its upward spiral. This is a strong foundation for many more years of strategic collaboration. China in particular has become an important trading partner. The economies of China and of Latin American raw material producers complement one another to a high degree. By contrast, Mexico and many Central American countries find themselves in intense competition with China, most notably in the important U.S. market. The trade links between Latin American and China have grown increasingly strong over the past ten years. Imports to China from Latin American have doubled during this period. In the other direction, the amount of Chinese direct investment in Latin America has risen sharply, as has investment by foreign businesses in general. In 2006, flows of direct investment to Latin America reached a record high of US\$ 72.5 billion. This points to the growing trust of investors in the long-term prospects for the region. Germany and the EU should also work to dismantle trade barriers and promote reciprocal direct investment. German and European business should grasp the opportunities offered by the new economic dynamism in Latin America – to the mutual benefit of both regions.

Most of the region’s countries, Brazil first among them, have been able to lay the groundwork for continued growth by instituting the ne-

cessary domestic policy reforms, a process that was aided by the development cooperation offered by Germany and the European Union. Sound budgetary policy and increasing macroeconomic stability in the majority of the countries have created the conditions required to translate cyclical economic upturns, which are chiefly controlled by external factors, into sustained growth for the national economies of the region. The main challenge now facing those Latin American economies dependent on raw materials is to direct the high revenues gained for exported raw materials into systematic investment in human capital, technological development and infrastructure improvement and in the creation and development of nontraditional export sectors.

Latin America's wealth of mineral and energy resources and its agricultural potential are playing an increasingly important role in positioning the region in the global economy. The region boasts the world's largest potential for the production of biofuels, the strategic importance of which will serve to further heighten Latin America's economic and political ranking. The internal factors that have improved the macroeconomic stability of Latin America include the trimming of foreign debt, the reductions in debt service payments, national debt and budget deficits, rising primary surpluses in the national budgets, foreign reserves now amounting to some 300 billion euros, the decelerated inflation rate and the extensive flexibilization of exchange rates. For the first time in history we have seen a current account surplus over four consecutive years. Domestic consumption, the rate of investment, the domestic savings rate and the number of issues launched in domestic bond markets all have risen significantly while the dependence on capital flows from outside has dropped sharply.

The continued economic growth in many Latin American countries is producing a new middle class whose prosperity is grounded in the market and not in the state. The number of large-scale enterprises in Latin America (the "Multilatinas") is also rising steadily, as is the amount of foreign investment coming out of Latin America. Brazilian companies alone have invested more than US\$ 100 billion abroad. Even those measures implemented by a few governments seeking to enhance state control of the economy (Venezuela, Bolivia, Ecuador) have as yet barely slowed growth in the region as a whole, since these countries account for only around 8% of Latin America's GDP.

It must be said, however, that only a few large-scale enterprises are internationally competitive. One of the great challenges facing the governments of Latin America is to also prepare the bulk of small and mid-sized industrial companies for the move from solely domestic production to the global market and global competition. Attaining this goal is essential if Latin America is to achieve long lasting success in the global economy.

On the whole, Latin America remains committed to the market economy system and is open to globalization.

The economic links between Germany and the European Union on the one hand and Latin America on the other have traditionally been characterized by asymmetry. For Latin America, the EU is the largest foreign investor, its most important donor and partner in development cooperation, and its second biggest trading partner accounting for around 13% of trade. By contrast, the EU, the world's greatest trading power with a 20% market share, conducts less than 5% of its entire foreign trade with Latin America. Within the EU, Germany and Spain are the most important partners for Latin America.

Not only is Latin America an important manufacturing location for German companies producing some 60 billion euros worth of goods there, it is also the only place outside Europe in which German companies hold key positions within certain industrial sectors. In the two largest economies – Mexico and Brazil – German subsidiaries generate around 5% of the gross national product. What's more, German companies produce some 15% of the total value added in the Brazilian industrial sector.

German and European industry enjoy a particularly strong position within MERCOSUR, whose members – Brazil, Argentina, Uruguay and Paraguay – account for nearly 40% of Latin America's total GDP. For this reason, German and European business remain highly interested in the conclusion of an association agreement between the EU and MERCOSUR. The economic costs of the stalled negotiations for businesses on both sides is estimated to be around four billion euros annually. While the MERCOSUR members seek greater access to the insulated EU market for agricultural products, European companies are looking forward to an easing of restrictions on investment and government contracting and to enhanced legal safeguards for their business activities in the partner countries. Today, being part of a large and integrated region represents a key comparative advantage for nations competing in contested global markets. Germany and the EU therefore support MERCOSUR's commitment to the so-called "Democracy Protocol."

The EU is also negotiating regional agreements with the Andean Community (CAN) and with Central America (SICA). In late 2007, a comprehensive Economic Partnership Agreement (EPA) was signed with the Caribbean ACP states (CARIFORUM). With the conclusion of association agreements with Mexico and Chile, the EU has entered a phase of differentiated bilateral cooperation, the potential of which is far from being exhausted.

3. Latin America's Expectations and Potential as an International Player

Latin America's position in the international system has undergone a fundamental change since the end of the last century. The subcontinent is no longer a staging area for conflicts between East and West.

The end of the cold war has opened up new room for manoeuvre for the governments of Latin America. But close cooperation between the governments of the region is not the rule in all areas of policy. We can therefore only in a limited sense speak of Latin America as an international actor. Some countries take an active role on the international stage, most notably Brazil and, somewhat hesitantly, Mexico. Other governments, in particular those currently headed by parties ranging from the center-left to the radical populist left, have focused their foreign policy on distancing themselves from the United States and expanding their influence in the region – with Venezuela topping the list.

The integration processes occurring at the subregional level are most often also too weak to have any significant international impact. Only MERCOSUR has been able to present itself on the world stage as an integrated area. Its status as a working economic alliance with potential for expansion (Venezuela being the last country to join) is based

primarily on the genuine preparedness of its members to integrate and on a successful – and long overdue – conclusion of a free trade agreement with the EU. The strengthening of the integrative alliances in Latin America has been one of the key objectives pursued by the Latin America policy of Germany and Europe in recent years. In this context, the realization of the bi-regional association with MERCOSUR is for us a matter of high priority.

Brazil has assumed a place in international politics independent of the Latin American context. Given its regional and international initiatives (G-20, “Lula Group”), its role in international forums and institutions (G-8 Heiligendamm process, WTO/Doha round), and the fact that it is the largest country in Latin America, Brazil offers new opportunities for deeper cooperation and global political partnership on both the multilateral and bilateral levels. It must be said, however, that Brazil’s claim to represent all of Latin America on the international stage (UN Security Council), is viewed with scepticism in the region, with some countries rejecting such a claim altogether. Further hampering Brazil’s rise to a leadership role is the fact that it stands alone as a Portuguese speaking country in a Spanish-speaking environment. Besides Mexico and other Central American and Caribbean countries, President Chávez in particular has questioned, both directly and indirectly, Brazil’s leadership role. Although Venezuela cannot seriously compete with Brazil, other countries, such as Argentina, are using the Venezuelan motions to weaken Brazil. But there is a second dimension to the issue of a leadership role for Brazil. Given the failure of the region to coordinate its policies, other international players, such as the EU with its July 2007 announcement of a bilateral strategic partnership with Brazil, have de facto recognized and promoted Brazil’s leading position in the region.

4. Latin America’s Place between the U.S., Europe and Asia

Latin America’s relations with the United States are characterized by the economic, political and military supremacy of the U.S. Since the terrorist attacks in the U.S. on September 11, 2001, and the subsequent “war on terror,” Latin America is no longer just on Washington’s trade policy agenda, but rather also in the focus of the U.S. administration for security reasons. The sharp anti-American rhetoric of Venezuela’s President Chávez (25% of U.S. oil imports come from Venezuela) and China’s increasing activities in the region have since 2005 led to a tangible (re)activation of U.S. Latin America policy.

The U.S. project aimed at creating a free trade area among all countries in the Americas (FTAA/ALCA) has in the past years come to a standstill. Indeed, the fourth Summit of the Americas held in November 2005 in Mar del Plata, Argentina, revealed the extent to which Latin American countries were drifting apart, both economically and, even more so, politically. Since then, the U.S. has gone to concluding bi-national and bi-regional trade agreements.

The EU, too, has been unable to achieve progress in negotiations on a free trade agreement with MERCOSUR. Blocking any agreement are the EU’s reservations on the liberalization of its agricultural markets and MERCOSUR’s unwillingness to make concessions relating to, among other things, the import of industrial goods and tendering procedures. Venezuela’s membership in MERCOSUR is certainly interesting from an energy policy perspective, it does, however, serve to

handicap the political dialog. Today, due to the intensification of economic relations with Asia, the urgency once given to this agreement has waned even in Latin America itself. The enormous demand for raw materials, primarily from China, has been a major factor spurring the positive economic development seen in Latin America in recent years. The announcement of widespread Chinese direct investment in Latin America and the lowering of import barriers for Latin American raw materials and foodstuffs destined for the Chinese market have diminished the region's interest in rapidly easing trade restrictions with Europe.

Given the waxing presence of China (and India as well), partnership with Europe is no longer the matter of necessity it once was, but rather one further option available to the governments of Latin America. Because China has become an attractive alternative to Europe, Europe must today work to regain the role model status it once enjoyed. The idea of an "automatic" community of interests between Europe and Latin America is fading ever more into the background. Joint positions require thorough preparation if they are to be politically workable.

The "strategic partnership" agreed between the two regions at the first EU-Latin America summit in Rio de Janeiro in 1999 was reconfirmed by both sides during the third summit in 2004 in Guadalajara and at the fourth meeting in Vienna in 2006. Turning this "strategic partnership" into concrete action on the ground is the great challenge for the near future. The central topics of this year's summit in Lima will therefore include the promotion of social cohesion, climate protection and energy security.

II. Consequences for Germany and Europe

1. To identify and address challenges and opportunities in Latin America

Germany enjoys a high standing in Latin America. It is important that we cultivate and deepen this trust. Many of our Latin American partners regret Germany's reserved involvement in the region.

Five hundred years of common history have tied Latin America closely to Europe and the two regions today share Western ideals and Western values. The multifarious relations and the cultural affinity between the societies of Latin America and Europe offer a stable foundation on which to build a "strategic partnership." To foster this cultural proximity, we must intensify cultural and educational exchanges and beef up the presence of Germany and Europe in the region. Latin America is home to many Germans, some of whom have lived there for centuries. German politicians must take account of this fact when forming policy.

The current challenges and the opportunities offered demand concentrated action by Germany at three levels: in Germany itself; in our bilateral relations with Latin American countries; and within the EU and other international organizations.

2. To develop an active German policy on Latin America

Despite the increased efforts of Germany's foreign office and ministry of economic cooperation and development, the nation's policy makers for Latin America have not yet managed to develop a sustainable and future-oriented scheme for guiding Germany's relations with the countries and societies of Latin America. It is therefore necessary to broaden the strategic base of Germany's Latin America policy as derived from national interests. Germany now faces the challenge of defining its interests in the region more sharply than ever before and of identifying concrete objectives and aims. Germany's primary objective should be to gain and strengthen the partnership of Latin America in exercising global responsibility. In this context, we should carefully consider with which partners – at the bilateral or regional level – we can best achieve these objectives. In working to strengthen global governance capacities on a bilateral basis, primary focus should be given to two fields of activity supported by our development work in addition to the traditional political fields of foreign trade and cultural/educational work. These are the strengthening of democracy and good governance based on the rule of law and sustainable resource development and climate protection.

Specifically, we should strive to create a future-oriented foreign cultural and educational policy that can serve as a pillar for our relations with Latin America. The core of this policy should be the further expansion of scientific and academic collaboration, more opportunities for learning the German language and the spread of German school networks. The key here is to tap into the keen interest and readiness – including the readiness to provide funds – shown by financially strong Latin American countries to commit to things such as the further expansion of government scholarship programs, exchange programs for scholars and scientists and the establishment and development of joint research programs.

Germany's Latin America policy makers are faced with the challenge of providing sufficient coherence to the entangled institutional web that exists today while at the same time addressing fairly the diverse problems and lines of conflict specific to a region that is home both to developing and transition countries, some of which are highly industrialized. The fact that responsibilities in this area have been divvied out to nearly every post in the cabinet has proven to be a challenge on the road to an efficient and coherent Latin America policy. The German administration must therefore give top priority to reorganizing the polyphonic institutional web of German Latin America policy in such a way as to avoid friction or incoherence. At the same time, German and European initiatives should be bundled and more effectively coordinated.

Academic support in the form of expert reports on Latin America compiled at German universities and research institutions is essential if policy makers are to get the rounded picture of socioeconomic and foreign policy developments that they need to make informed foreign political decisions. Unfortunately, recent years have witnessed spending and staff cuts or even closures affecting regional science departments and professorships specializing in Latin America. Given that education is a state-level responsibility in Germany, the federal government had little influence on these developments. But it is the federal government – along with the business sector – who must bear the negative consequences that will over time make themselves felt at the very heart of our foreign policy. The states and universities in Germany must be

encouraged to sustain their research programs for Latin America or to establish new programs where none currently exist.

3. To promote economic and academic networking with Latin America

The consistently high rates of economic growth seen in Latin America over the past years have meant that the markets for our exports to the region have grown as well. In view of the rise of Asian competition, we must energetically pursue these new opportunities. Enterprises based in Brazil and Mexico in particular are pushing their way onto the global markets. Some are now investing in Europe, making them not only serious rivals for our companies but also highly interesting partners for business cooperation and technology sharing. Against this background, it is imperative that we push forward with the development of technology partnerships between universities, research institutes and companies. Germany must better exploit its good reputation in academia and science and intensify its cooperation with institutions of higher education in Latin America. Improved and expanded scholarship programs and language preparatory courses should be put in place to attract more Latin Americans to Germany to study. The German government should support the creation of Spanish and Portuguese language information networks at colleges and universities in Latin America. Such networks would be used to spread news about German universities and information about new study and language programs, and to present important findings from German research projects in the host country language. They would also provide better ways to contact Latin American alumni of German universities. In addition, greater backing should be given to German schools and to the Goethe Institutes in order to help introduce German language and culture at an early age.

4. To help secure democracy and human rights in Latin America

In pursuing the foremost foreign policy interest in Latin America – the strengthening of global governance capacities – Germany and Europe also have a fundamental interest in the success of the democratic model in Latin America. The discontent felt by a large portion of the population in Latin America with regard to democratic developments and in particular to the depiction of democracy and the current trend towards populist forms of government should incite us to intensify our efforts. We must gear our development policy instruments more towards supporting countries with fragile democratic systems and deficient administrative structures, towards improving the socioeconomic and political participation of all social groups, and towards reinforcing democratic structures. In this way it would be possible, for example, to more fully exploit Germany's excellent reputation in the field of law in Latin America. By establishing or supporting public administration colleges and the training of judges, Germany could offer a valuable contribution in the creation of efficient administrative systems. During this process, a very important role must continue to be taken both by the church programs working to improve civil society participation and to fight poverty – such as the German Catholics active since 1961 under the auspices of the Adveniat aid organization – and by non-governmental development organizations.

Also of great importance in this context is the continued trust-based cooperation of the CDU and CSU and the other democratic parties in the German Bundestag with their sister parties in Latin America. It is imperative that we expand upon this dialog between the parties and broaden the scope of issues discussed.

Germany should further seek a larger voice in the as yet incomplete state-building process and provide more input regarding its experience with German-style federalism. In this way, Germany can assist and advise Latin American countries confronted by excessive centralistic or centrifugal forces. In light of the often precarious socioeconomic situation in some countries and the associated danger of social breakdown and political instability in the young democracies, Germany could offer its experience in social market economics as relates, for example, to the construction of social security systems or an efficient and socially balanced taxation system.

One of the greatest challenges in stabilizing democracy in the countries of Latin America stems from the widespread poverty that exists in the region and which makes many people susceptible to the promises of populist regimes. The development of the countryside is key to fighting poverty and resolving social conflicts. Germany must again contribute more of its development expertise to help bring about improvements in this area as well.

The German political foundations, who can look back on decades of successful work on the ground, should intensify their efforts to promote the principles of social solidarity and responsibility among Latin America's elite and foster a greater understanding among the people of what democracy is really all about.

The increasing threat to the democratic systems of some Latin American countries should prompt us to take up or intensify the democratic dialog, even with the new populist left-wing governments. Here again, we can build upon and intensify the successful work of the political foundations. In conducting this dialog, we should advance basic democratic principles and the indivisibility of human rights. Germany and Europe should insist – in keeping with a policy based on our shared values – that the recognition and observance of human rights be awarded a central place in the political dialog.

5. To promote security policy networks

Germany's security interests in Latin America are primarily concentrated on battling drug-related crime, human trafficking and the "kidnapping industry." Besides the coordinated actions pursued within the EU, Germany's bilateral security cooperation has therefore focused on the training of military officers and police. Beyond this, efforts to establish democratic control over the military and to develop stable civilian-military relationships would also be an important contribution.

Germany has gained extensive experience in the training of foreign police forces and it should do more to share this expertise, not only in the struggle against drug-related crime but also with the general aim of solidifying fragile state environments in countries such as Bolivia, Ecuador or Guatemala.

Such an offer would be welcomed by many Latin American governments seeking to broaden their cooperative security activities with other nations.

We should also analyze the extent to which other issues on the global security agenda can be applied or linked to current developments in Latin America. These include topics such as the struggle against international terrorism, the spread of small arms and mines, and issues related to the future of global nonproliferation regimes for weapons of mass destruction.

6. To strengthen and expand collaboration on environmental and climate protection policy

The central topics of this year's summit in Lima will include, besides the promotion of social cohesion, climate protection and energy security.

As in Europe, the issues of energy security and climate protection are at the center of the political debate in Latin America. Germany stands at the vanguard of sustainable resource development and green innovation and has developed world-leading capabilities in these fields. These range from hazardous site cleanup technologies to cutting-edge technologies for air pollution control, water supply and wastewater removal as well as super-efficient power plant technologies for both fossil fuels and renewable energy sources.

Climate change is one of the greatest global challenges of our time. All countries must be included in the international agreements on reducing greenhouse gases. German industry leads the world in the field of energy and resource-efficient production and can contribute much to any partnership. We have an interest in helping countries, in particular emerging nations with high resource and energy needs and high CO₂ emissions, to make the transformation from "quantity growth" to "quality growth." Success in decoupling economic growth from sharply rising energy consumption and greenhouse gas emissions is imperative in these countries as well. The industrialized nations can provide a role model here and at the same time actively support these countries in protecting the climate. For climate protection is not a barrier, but rather a prerequisite for growth and prosperity. And the technologies capable of significantly reducing greenhouse gas emissions are available today.

Latin America is not only home to one of the most important regions for global climate protection, the Amazon rain forest, it is also the region boasting the planet's greatest biodiversity. It is furthermore economically very interesting given its wealth of raw materials. Germany should press more energetically for the protection and sustainable use of these resources, not least in its own national interest. When it comes to environmental issues, Germany is a coveted partner in Latin America. Examples include the development of rural areas, the promotion of environmental and resource protection – the tropical forest program in Brazil is one landmark project, – the development of renewable energy potential, work on boosting energy efficiency, and other climate protection activities. And Germany very well understands that such involvement is in the interest of its business community as well. Germany should greatly intensify its commitment in this area, to include participation in regional multilateral banks such as the Inter-

American Development Bank (IDB) and the Caribbean Development Bank (CDB). For the up-and-coming economies of Latin America, a stable and cost-efficient energy supply is extremely important. In contrast to the agricultural sector, there are few divergent interests when it comes to energy. It is estimated that some 28% of the emission reduction credits created between now and 2012 will originate from Latin America. These are of great economic significance for both sides. The further development of the Clean Development Mechanism (CDM) represents an effective instrument for cooperation. The CDM serves to promote the spread of renewable energies and environmentally sound industrial technologies in developing and emerging countries and at the same time enhance climate protection.

7. To help secure strategic stability in Latin America and promote regional cooperation

Bilateral partnerships and networks of friendly relationships form the groundwork for a peaceful world order based on rules. Within the European framework, Germany should press vigorously for the strengthening of regional integration processes in Latin America and continue to support the European Commission's subregional development and cooperation strategy.

The EU-Latin America summits in particular offer the German government the opportunity to introduce initiatives above the subregional level that are aimed at deepening coordination efforts in Latin America as a whole. Until now, the summits have had more of a symbolic value. But the often difficult discussions of the past meetings have helped participants to better understand each other's positions and offered hope that these positions may converge in the future.

The stability of the subcontinent and the preservation and advancement of democracy will also depend on Brazil pursuing its active, South American style regional integration and neighbourhood policy and maintaining its capability to conduct a dialog with the various governments, in particular those of the Andean region. The same applies more or less to Mexico's role in Central America. Germany should conduct the strategic dialog with these two influential international players at the government level and develop political initiatives of a long-term nature.

8. To build a partnership for global governance

Both Europe and Latin America pursue the philosophy of "effective multilateralism." Accordingly, the objective of the "strategic partnership" is to cooperate in shaping globalization and creating an international order based on rules. But beyond the affirmation by both regions of political agreement on global issues (International Court of Justice, Kyoto Protocol, reform of the United Nations, multilateralism), the partnership still lacks a true "strategy" defined by common objectives and instruments. In order to make the EU-Latin America meetings more efficient and effective, it would be helpful if the focus of the issues agenda would concentrate on concrete undertakings. One such concrete project could aim at strengthening EU-Latin America cooperation in the energy sector, for example, with the goal of intensifying mutual efforts to achieve global and regional energy security.

Germany and the EU should therefore enter into substantive partnerships and alliances with Latin American countries within international institutions such as the United Nations (UN) and the World Trade Organization (WTO), as well as in the post-Kyoto process. Such cooperation could also be agreed between the OSCE and the Council of Europe and with Latin American countries with a view to establishing joint election monitoring missions.

The reformulation of international governance policy has placed great emphasis on Latin America as an important strategic partner. In Germany, however, the resources allocated to Latin America policy have been on the decline, something which in Latin America is seen as a sign of sinking overall interest. The dichotomy apparent in these developments has been a source of irritation in Latin America. Besides cultivating its existing external relations with Latin America, Germany should invest more effort in developing political initiatives in collaboration with its partners in the region. The political dialog should cover international policy issues such as combatting terror, the proliferation of small arms and weapons of mass destruction, issues relating to energy security, nuclear technology, overcoming social injustice and severe poverty, and international trade, environment and climate policy. This dialog should serve to make Germany's involvement and commitment in these areas more understandable and visible within the region itself. Especially with regard to our established cooperation partners of Brazil, Mexico, Argentina and Chile, the aim here must be to deepen cooperation at a relatively high level of mutual understanding. This understanding can then open up great opportunities for jointly shaping global policy initiatives. But this requires a systematic form of cooperation geared to the medium term and involving a large and broad-based group of politicians with decision-making powers. To this end, we should further develop the existing instruments for conflict prevention and the advancement of democracy.

9. To anchor Germany's Latin America policy in Europe

Within the EU, German policy makers for Latin America face the particular challenge of drafting positions that are consistent with those of other EU members, above all Spain. Common efforts in areas of policy such as development or the promotion of foreign trade can hold much promise. Besides pressing ahead with the association agreement with MERCOSUR, we should also accelerate the negotiations begun with the Community of Andean Nations (CAN) and with the countries of the Central American Integration System (SICA).

A number of concrete cooperation projects already exist in the academic sector, including the EU programs aimed at promoting transnational higher education: Erasmus Mundus, Alban and Alfa. As it has done in bilateral initiatives to promote academic cooperation, the German government should also work within the European framework to further strengthen higher education cooperation with Latin America and to press for a concentration at the European level of academic expertise at existing research institutes or the creation of new facilities for study and research.

It may be possible to intensify cooperation between the EU and Latin America by modifying the procedures for interregional negotiations. If the EU troika were in future to sit down with a Latin American negotiating troika, this would spur the intraregional coordination process

in Latin America and create new incentives for regional integration, a process which has, at best, been in a state of stagnation for some time now.

10. To advance the transatlantic triangle: EU – Latin America – USA

As members of the Western world, the EU and Latin America realize the importance of their relations not only with one another but also with the United States. Given the reawakened interest of the U.S. in Latin America, we should use the transatlantic relationship not only to conduct an intensive dialog with the U.S. about Latin America and the preservation and development of democracy there, but also to work towards a trilateral dialog of equals over the medium and long term. Intensive cooperation is especially called for in stifling the drug economy, but should go beyond this and embrace all issues of international policy.



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