

Linking Latin America: The Netherlands and the EU in a shifting context

Since the beginning of this century, Latin America has increasingly become a stage of economic and political competition between **China and the United States**. The US, the largest economy and political player in the hemisphere, historically regards Latin America as part of its geopolitical sphere of influence. China is a relatively new but ambitious player in the region. As elsewhere in the world, its economic and political agenda is aimed at consolidating its position as a global power.

United States' interests in Latin America, apart from trade and investments, have always been guided by a political and security agenda: from cold war politics to the war on drugs and migration issues. China's interest, on the other hand, is primarily driven by a need for raw materials¹ to sustain its growing economy and global infrastructural ambitions (the so called Belt-and-Road program). China is already the main trading partner of large resource-rich economies like Brazil, Chile and Peru². The Chinese political agenda is mainly aimed at ensuring unbridled trade and resource extraction³ but as these issues are highly political, China is increasingly becoming a political player of influence.

From the **Latin American** perspective, China offers an opportunity to diversify political-economic relations and decrease dependency on North American (and European) markets and political agendas. For Central America especially, with its small countries and close proximity to the US, the possibility of unconditioned Chinese investments strengthens its position vis-à-vis the US who, for example, conditions trade relations with Central America to immigration enforcement agreements. In that sense, China is a welcome counterweight to the US' historical hegemony in the region.

However, China's growing presence also sparks concern, both within Latin America and elsewhere. The export of raw materials without added value hinders local (industrial) development. At the same time, Latin America is flooded by cheap Chinese products that outcompete local manufacturers. Also, Chinese investments are rarely accompanied by requirements on human rights, democracy or the environment. This gives businesses and governments free reign in the exploitation of natural resources, bypassing standards of responsible business conduct at the local level. Unbridled and unconditioned investment furthermore, reinforces existing risks of 'state capture': governments, policymakers and democratic institutions are coopted to facilitate large scale economic interests resulting in, for example, untransparent decision-making around contracts and licenses, and the undermining of judiciary independence regarding large-scale corruption cases. Ultimately, these processes threaten the rule of law as such.

The upscaling of extractive industries furthermore has far-reaching consequences in resource rich areas: the environment and the rights of local (ethnic) communities are grossly disregarded and conflicts around mining and oil sites tend to rise. Another concern are the labor conditions of those working in extractive industries. On a more general level, unbridled extraction will exacerbate the region's extreme levels of socio-economic inequality between those who profit and those who bear the consequences. Considering the vested political interests, the creeping 'state capture', and the current authoritarian tendencies of various Latin American governments (left and right), repression against those who denounce these issues is already on the rise, as apparent in the violent repression of large-scale protests in Colombia and Nicaragua recently. Latin America, already one of the most dangerous regions for environmental activists, journalists and trade union leaders, is likely to deteriorate in terms of democratic guarantees and citizenship rights.

¹ Countries such as Chile, Brazil and Peru are rich in materials like copper, iron, silver and nickel (Hogenboom)

² China's trade with Latin America and the Caribbean grew 26 times from \$12 billion to \$315 billion between 2000 and 2020. Trade between LAC and China is expected to more than double by 2035, to more than \$700 billion.

³ Countries that strengthen ties with China, for example, are expected to break those with Taiwan which is Beijing considers a Chinese province

Taking this dynamic into account from the Dutch perspective, a question that rises is: what role could/should **The Netherlands and Europe** play in current day Latin America? Politically, Latin America has been low on Europe's and The Netherlands' priority list⁴ but the region remains an important trade partner and was long regarded as an opportunity for secure and responsible investments. The fundamental conditions for responsible trade, however, are currently under pressure. The central question posed in this seminar therefore is:

The Netherlands and the EU need a clear policy and strategy towards Latin America, specifically on the themes of democracy, rule of law, responsible trade and human rights.

Key note speakers:

Barbara Hogenboom (CEDLA/UvA) on Chinese influence in Latin America

Carlos Dada (El Faro) on the US changing position in Central America

Thematic sessions and key positions

1. Trade, natural resources and human rights:
 - The Netherlands should formulate specific policy on trade in Latin America in accordance with its IMVO policy commitments. Dutch companies and investors should a leading role in this area.
 - The EU should make a real contribution to sustainable development beyond the export of primary raw materials, promoting local added value as an integral part of trade agreements.
 - The EU trade agreements' sustainability chapter should be monitored by civil society, business, trade unions and NGO's and serious grievance mechanisms should be in place.
2. Civic space and democratic contention
 - The Netherlands should support civil society under pressure (environmental activists, local (ethnic) communities, trade unions, journalists and feminist organizations) through political attention and by increasing funding options open.
 - Dutch policy should include support for democratic reform processes to ensure inclusive democracy. This includes support during peace negotiations and for an extended period thereafter.
 - The Netherlands and EU should condemn violent repression of civil society and social protests.
 - The EU should give follow up to the recommendations of its Electoral Observer Missions.
3. Democracy and Rule of law:
 - Dutch security efforts should incorporate a transnational Latin American strategy since a crumbling rule of law in Latin America directly affects NL/EU through transborder drug trafficking and organized crime networks.
 - The Netherlands and Europe should step up their efforts to prevent further deterioration of the rule of law in Latin America, for example by increasing partnerships for judicial cooperation, strengthening the justice sector and engaging or enabling strategic (international) litigation.
 - Europe should follow the US example and impose sanctions on corrupt and undemocratic actors and regimes in Latin America, to make a clear political statement against corruption and impunity.

⁴ The Netherlands closed several diplomatic posts and reduced development relationship with numerous countries since beginning of this century. Furthermore, attention from Dutch media, academia and policy makers is waning.