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“The evolution of the interregionalism between the European Union (EU) and the Southern Common Market (MERCOSUR). Analysis of the Interregional Framework Cooperation Agreement (1999 - 2019)”

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Contents

Acknowledgments	4
Abstract	5
Introduction	6
Problematic Situation	6
Objectives & Hypothesis	9
Brief of Structure	11
Chapter 1	13
Methodological Issues	13
1.1 State of the Art	13
1.2 Theoretical Framework	18
1.3 Methodology	26
Chapter 2	28
1999 - 2004 Beginning of the dialogue between EU-MERCOSUR	28
2.1 The international scene during the new globalisation era	28
2.2 Interregionalism as a response to interdependence	33
2.3 The EU-MERCOSUR Interregional Framework Cooperation Agreement	37
2.3.1 Political Dialogue	40
2.3.2 Development Cooperation	43
2.3.3 Reciprocal Free Trade	46
Chapter 3	50
2004 - 2016 Suspension of the negotiations	50
3.1 Discrepancies around the agreement	50
3.2 Formal suspension of the negotiations	54
3.3 What changed in the international context?	60

Chapter 4	64
2016 - 2019 The Interregional Framework Cooperation Agreement end of negotiations	64
4.1 Crisis of the international liberal order and multilateralism	64
4.2 The agreement is reached	71
4.3 Analysis of the interregional agreement negotiations	77
Chapter 5	86
Conclusions	86
5.1 Final Reflections	86
Bibliographic References	93
Bibliography cited	93
Newspapers and news portals consulted	98
Websites	99
Documents	100

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Abstract

The attempts to negotiate an Interregional Framework Cooperation Agreement between the European Union (EU) and the Southern Common Market (MERCOSUR) date since March of 1999. Finally, after twenty years of dialogue, both parts reached an arrangement in June of 2019. The deal was marked by a peculiar international context and changes in the political and economic relations; hence it is possible to identify different periods when the conversations were stopped and then restarted. The latest negotiations were conditioned by the recent changes in the international system, characterized by the crisis of globalisation, which used to be based on the international liberal order and multilateral cooperation and now is challenged by unilateral measures applied by some countries, such as the Brexit, the new protectionist policies carried on by Trump's government in the US, and the trade war between this country and China.

It is within this context that the negotiations for an agreement between MERCOSUR and EU were accelerated as an attempt to mitigate the impact of this kind of measures and also to defend the multilateral system in which their foreign policy is based, even overcoming the historical conflict between the two regions regarding the North-South division – at least at the moment when the agreement was signed. The thesis aims at studying the evolution of the Interregional Framework Cooperation Agreement during its twenty years of negotiations (1999 - 2019) keeping into consideration the international context and changes in the political and economic relations between the MERCOSUR and the EU.

Keywords: interregionalism, MERCOSUR, European Union, Interregional Framework Cooperation Agreement, multilateralism, interdependence, international liberal order, globalisation.

Introduction

Problematic Situation

The attempts to negotiate an Interregional Framework Cooperation Agreement between the European Union (EU) and the Southern Common Market (MERCOSUR) date since March of 1999. The project was born as an initiative in the new globalisation era context characterized by the multilateral cooperation and the international liberal order as main international relations principles. During this period it is possible to identify other arrangements' negotiations with similar purposes, such as the Free Trade Area of Americas (FTAA), Central European Free Trade Agreement (CEFTA), the ASEAN Free Trade Area (AFTA), or the North America Free Trade Agreement (NAFTA) – not all of them were concluded. In general terms, the objective of these arrangements was to create market open access to its members, attract new investment funds and increase international competitiveness, as well as to profit from the comparative advantages deriving from the new global value chains.

Likewise, in these years it is possible to identify the propagation of new regional integration experiences. The purpose was to mitigate the effects of the globalisation in the States' sovereignty through cooperation and to properly manage the interdependence between them (Lo Turco, 2005). The European Union was highly interested in expanding this trend with the purpose to export its model to other regions as an example of success and to project its image as an international actor characterized by its normative power, as well as to expand its influence sphere. Therefore, when the Southern Common Market (MERCOSUR) announced its creation in 1991, immediately accounted with the European Union institutional support.

Related with this, and based on cultural affinities and historic connexions, both regional blocks decided to go further with their ties and bet for an interregional arrangement (Doctor, 2007). Within this framework, the EU and the MERCOSUR launched in 1995 the Interregional Framework Cooperation Agreement initiative to strengthen their multilateral relations in terms of political dialogue, free trade and development cooperation.

However, the divergences related to the economic sphere relented the negotiations initiated in 1999, despite the real desire from both parts to concrete the agreement. The core conflict followed the classical North-South pattern, mainly pivoting around the free trade of agricultural goods, among other issues. The MERCOSUR requested the complete access of their agricultural products to the EU market due to the asymmetric development between the regions, while the EU pointed out that the measures could affect sensitive economic areas. On the end the negotiations were suspended; nevertheless, the parts never lost the contact.

Twenty years after the first meeting, the agreement was finally signed in June of 2019. Once again it was related to globalisation dynamics, but this time because of its crisis. Such globalisation crisis is due to the current increase in unilateral measures applied by powerful States, which threaten the multilateral cooperation system and the international liberal order. Some events, such as the Brexit, the new protectionist policies carried by Trump's government in the United States, and the trade war between this country and China, are examples of the new international environment (Sanahuja & Rodríguez, 2019). In political terms, the State is back at the centre of the international scene, recovering competences and eroding the international institutions in which the system used to rest.

According to José Antonio Sanahuja & Jorge Damián Sánchez (2019) as a consequence of economic nationalism, protectionist measures, unilateralism and an international political economy without rules or referees, the countries' vulnerability raised as they are exposed to trade wars, market closure, and global economic recessions, as well as the productive processes based on global value chains are put at risk.

It is within this context that the negotiations for an agreement between MERCOSUR and EU were accelerated as an endeavour to mitigate the impact of unilateralism and also to defend the multilateral system in which their foreign policy is based, even overcoming the historical conflict between the two regions regarding the North-South division – at least at the moment when the agreement was signed (Bianco, 2018).

From one part, the EU was trying to preserve its position as a global actor with normative power and attempt to set mechanisms for globalisation governance; from the other part, the MERCOSUR countries saw it as an opportunity for economic insertion in the new international stage (Zelicovich, 2019).

Following the above described problematic situation, the thesis aims at answering the following research question:

How was the evolution of the Interregional Framework Cooperation Agreement during its twenty years of negotiations (1999 - 2019) between the MERCOSUR and the EU keeping into consideration the international context and changes in the political and economic relations?

Objectives & Hypothesis

The research general objective is:

- ✓ Study the evolution of the Interregional Framework Cooperation Agreement between the MERCOSUR and the EU during its twenty years of negotiations (1999 - 2019)

Therefore the specific objectives are:

- ✓ Analyse the EU and MERCOSUR political and economic relations changes during the years comprehended between 1999 and 2019
- ✓ Study the main initiatives of the free trade agreement concerted by both parts in June of 2019
- ✓ Inquire to what extent the international context conditioned the negotiations between the MERCOSUR and the EU in the period under study

The research hypothesis is:

- ✓ The changes in the international order configuration of forces shaped the evolution of negotiations between the MERCOSUR and EU

The study object is considered relevant, in the first place, due to the recent end of negotiations – even if pending of ratification. Therefore, it is important to understand both parts motivations to sign the arrangement, especially because it seems that they did not experience significant changes in their productive structures.

Also, it is significant to study the evolution of the negotiations during its 20 years to understand how the changes in the international economic order shaped the decisions made by the two regional organisations. Hence, the purpose is to contribute to

the systemic analysis that focuses on how the different configuration of forces, through history, imposes certain social practices to international actors.

Likewise, it is significant for the study of the current economic international relations system and the measures that countries are applying in defence of multilateralism and liberal order in opposition to unilateralism and the questioning of globalisation. In this particular case, the thesis focuses on the positions adopted by the EU and the MERCOSUR as global actors and on how the new international scene influences its political and economic policy decision making.

Finally, the topic is considered valuable to contribute to the international relations discipline in the interregionalism study field, since the literature related to it is still being limited due to the scarce experiences.

Brief of Structure

The present Master Degree Final Thesis is structured in five chapters. The aim of Chapter I is to introduce the research study object to the reader. Therefore it presents the methodological issues: state of the art, theoretical framework, and methodology. The main objective of Chapter II is to inquire about the agreement's origins; therefore, it starts with an analysis of the international context in the new globalisation era. Then, it addresses the interregionalism as a response to interdependence produced by global circumstances. The chapter ends with a review of the Interregional Framework Cooperation Agreement established in 1995, which structured the negotiations among both regional blocks initiated in 1999.

Chapter III focuses on the period of negotiations' formal suspension. The first section sets the main reasons why were suspended, emphasizing the discrepancies around specific points of the agreement. The following section is dedicated to reviewing the factors related to the agency – in this particular case, each region – which explain in part the suspension of the negotiations. The last section proposes an explanation of the changes in the international stage between 2004 and 2016 and its connection with the stagnation of negotiations.

Chapter IV refers to the end of negotiations. First, it begins by analysing the international context that led to the arrangement signature: the questioning of the international liberal order and multilateralism as a consequence of the globalisation crisis. Then the next section studies the Interregional Framework Cooperation Agreement final negotiations and points out the concessions offered by each regional organisation. The third section is dedicated to the analysis of the negotiations achieved in terms of its possible economic impacts in both regions. Also, it suggests prospective

scenarios about the ratification's future. The section finishes with an analysis of the evolution of the negotiations since its beginning in 1999 until its concretion in 2019. Finally, Chapter V offers some final reflections related to the issues developed through the present Master Degree Final Thesis.

Chapter 1

Methodological Issues

1.1 State of the Art

The literature related to interregionalism is characterised by a diversity of works that intend to theorise about this phenomenon, which is still considered relatively new due to the variety and ambiguous experiences around the world.

In order to expose a clear path of the antecedents, the present section will be divided into two parts. The first one will refer to the theoretical research background, while the second part will be dedicated to empirical studies related to EU-MERCOSUR interregionalism.

Looking at theoretical studies it is possible to identify the period between 1990 and 2000 of enthusiasm with the interregional phenomenon. Approximately, from 2010 onwards, there are two tendencies. From one part, a maturity period and, on the other part, a series of authors who question the interregional experiences' effectiveness. The last ones suggest that other forms of interaction, such as bilateralism, are displacing interregionalism (Santander, 2010; Gratius, 2011; Baert, Scaramagli & Söderbaum, 2014; Rüländ, 2014; Doidge, 2014; Litsegård & Mattheis, 2018). Likewise, other researchers warn about the impact of summitry proliferation in the expected outcomes of interregional initiatives, such as time and money invested, implementation capacity, real results, commitments balance, among others (Gardini & Malamud, 2018).

Another critical issue regarding interregional studies is the so-called “European Union centrism”. This is logical because of several reasons. First, the EU is the most endured, complex and advanced case of regionalism, which makes it more interesting to

study it from different axes, such as transregionalism, pure interregionalism, hybrid interregionalism, among others. Second, it is the major region with interregional interactions in the world. Third, the EU was historically the most engaged in developing interregionalism worldwide, becoming an “external federator” (Santander, 2010 & 2014) in several cases. The problem with this is that the research is mainly focused on the European Union; this implies the risk for interregionalism to fall in the field of European Union Common Foreign and Security Policy studies, more than an object of study in itself (Rüland, 2014; Hettne, 2014; Doidge, 2014; Hardacre & Smith, 2014; Gardini & Malamud, 2018; Litsegård & Mattheis, 2018).

In this sense, the book *Interregionalism across the Atlantic* of the editors Andrés Litsegård & Frank Mattheis (2018) is an attempt to develop interregionalism as a study field beyond the North-South antagonism, contribute to normalising the European Union in a broader framework, and explore the Atlantic regions. Likewise, experts urge to inquire in actorship, in comparative studies between interregional cases, and in the relationship between regionalism and interregionalism; all these points are yet to be developed and have the potential to project the field of study to a maturity instance (Hettne, 2014; Litsegård & Mattheis, 2018).

Since the last ten years, scholars work to consolidate interregionalism as a study object in the International Relations discipline. Related to this, the academic community made relevant steps in the theoretical field, such as the classification of interregionalism into typologies¹; the distinction of different patterns of interaction²; the

¹ See the studies of Baert, Scaramagli & Söderbaum, 2014; Hardacre & Smith, 2014; Rüland, 2014; Doidge, 2014; Gardini & Malamud, 2018; Mattheis, 2018; Litsegård & Mattheis, 2018

² See the study of Gian Luca Gardini and Andrés Malamud, 2018

application of varied analytical approaches³, and the study of the topic from two viewpoints: system-centred and actor-centred⁴. However, interregionalism is a multidimensional and complex phenomenon, thence it is still being controversial and difficult to theorize (Baert, Scaramagli & Söderbaum, 2014; Rüländ, 2014; Doidge, 2014; Hettne, 2014; Gardini & Malamud, 2018; Litsegård & Mattheis, 2018).

Regarding the empirical studies, those focused on MERCOSUR-EU interregionalism are dedicated to studying the three agreed pillars of interaction: development cooperation, political dialogue and reciprocal free trade. Regarding the first two, broad consensus exists between both blocks about the compromises assumed, so scholars are less interested in those fields; however, the economic issue receives significant attention due to its negotiation complexity (Cienfuegos, 2016; Sanahuja & Rodríguez, 2019).

In this sense, researchers pay attention to the deal's new incorporations and changes regarding trade and investments, the trade dynamics between both regions, and the pattern of interactions (from a North-South approach). The last one is widely analysed because since the beginning it represented a core issue between both regions. In concrete, it refers to the agricultural products, since agriculture is the primary MERCOSUR exportable industry and, at the same time, it is the sector that receives high protective measures in many EU countries due to its weak competitiveness in the international market (Hardacre & Smith, 2014; Santander, 2014; Bianco, 2018; Ayuso & Gardini, 2018; Sanahuja & Rodríguez, 2019; Zelicovich, 2019; Rozemberg & Gayá, 2019, Baltensperger & Dadush, 2019).

³ See the studies of Rüländ, 2014; Doidge, 2014; Gardini & Malamud, 2018; Sanahuja & Rodríguez, 2019

⁴ See the studies of Rüländ, 2014; Doidge, 2014; Hettne, 2014; Baert, Scaramagli & Söderbaum, 2014; Gardini & Malamud, 2018; Mattheis, 2018; Litsegård & Mattheis, 2018

Likewise, the academics highlight other reasons why it took a long time to reach an agreement, such as MERCOSUR institutional weakness and its scarce integration as well as internal divisions within each regional block in terms of political and economic interests that hindered the negotiations (Cienfuegos, 2016; Hardacre & Smith, 2014; Santander, 2014; Mattheis, 2018; Rozemberg & Gayá, 2019).

Also, investigations are centred on the motives to sign the deal, which highlight *time* as a relevant factor either considered as a *deadline* – for example, the presidential elections in Argentina could have changed the scenario and actors favourable to the agreement – (Zelicovich, 2019) or as a *window of opportunity* (Sanahuja & Rodríguez, 2019) to show an economic victory and defend the international liberal order (Bianco, 2018).

Studies are also focused on the interaction between MERCOSUR and EU through different periods of time (Santander, 2010, 2014; Ayuso & Gardini, 2018). Making reference to this, Sanahuja & Rodríguez (2019) made a relevant contribution concluding that the different negotiation periods were conditioned by the changes that the globalisation faced both in terms of structure (such as economic structure and international insertion patterns) and agency factors (political dynamics between both blocks).

Finally, the future of the Amazon rainforest deforestation is a key issue warned by authors. The rise in the area destroyed by fires in the last years is in breach of the assumed commitments in the Paris Climate Accord in terms of sustainable development and environmental standards. In this sense, political tensions were rising by Brazil and France in August 2019, even putting at risk the agreement and producing a division

within the EU member states about the position to adopt (Sanahuja & Rodríguez, 2019; Zelicovich, 2019; Baltensperger & Dadush, 2019).

1.2 Theoretical Framework

The present research works with six key concepts that describe the theoretical perspective through which the analysis is made. It focuses mainly on the notions of *globalisation, international liberal order, regionalism, interregionalism, and neo-institutionalist and critical theory approaches*.

A first key concept related to the study object is *globalisation*. In a generic definition, Manfred Steger (2009) states: “globalisation refers to the expansion and intensification of social relations and consciousness across world-time and world-space” (p. 15). In this sense, globalisation is a dynamic set of social processes that transform the present social condition, involving a greater movement towards interdependence and integration. It is an uneven process where this enormous transformations of cultural areas and social structures affect people living in various parts of the world very differently (Steger, 2009, pp. 9 & 11).

According to the author, this phenomenon has four qualities. First, it multiplies the existing activities and social networks that cut across traditional economic, cultural, political, and geographical boundaries, and creates new ones. Second, the activities, social relations and interdependencies are expanded and strengthened. Another quality is that social exchanges and activities are intensified and accelerated. Finally, the fourth quality is the global imaginary, referring to the subjective plane of human consciousness of belonging to a global community (Steger, 2009, pp. 10, 14 & 15).

Steger (2009) also describes the intrinsic relationship between the contemporary economic globalisation and the new neoliberal economic order set since the 1980s until nowadays, pegging the idea of globalisation to the opening of economies all over the world. The author highlights as main characteristics: the international

economic institutions' major role; the trade and finance internationalisation; and the growing power of transnational corporations.

John Ikenberry (2018) describes the *international liberal order* as a “(...) general and longstanding set of ideas, principles and political agendas for organizing and reforming international order” (p. 9). The main characteristics are the democratic solidarity, multilateral institutions, economic openness, collective security and cooperation. In the first place, *economic openness* refers to the flow of trade, knowledge, technology and exchange without barriers. Second, *multilateralism* alludes to the cooperation among countries through institutions to set generalized principles and rules of conduct (2018, p. 11).

As a third element, Ikenberry highlights the *security cooperation*: “(...) This does not necessarily mean alliances or a formal system of collective security, but states within the order affiliate in ways designed to increase their security” (2018, p. 11). Fourth, *cooperation* and stable relations between States for mutual gains emerge as crucial. The final point concerns, *democratic solidarity* in terms of promoting growth and progress provided by rights, institutions, relationships and protections (2018, p. 11).

Under the international liberal order, the role of the economic institutions – such as WTO, IMF, and the World Bank – was enhanced. Free trade among countries was increased during this period, encouraging the establishment of regional and international trade liberalization agreements, for example, the GATT and NAFTA (Steger, 2009).

It is under this context that the regional experiences started to proliferate in order to take advantage of the free trade between different regions but also to protect themselves from its effects. This is connected with another key concept of the present

thesis: *regionalism*. According to Fredrik Söderbaum (2011), the term regionalism refers to

(...) the body of ideas, values and objectives that contribute to the creation, maintenance or modification of a particular region or type of world order. It is usually associated with a formal policy and project, and often leads to institution-building. Furthermore, regionalism ties agents to a specific project that is limited spatially or socially but not in time (p. 2245)

Regional actors are described according to three components: actorness, identity and presence. *Actorness* refers to the capacity to act in the international sphere to pursue its interests. *Identity or regionness* designates the level of cohesion and those components that differentiate the actor from the external environment and determines its external action. Finally, *presence* alludes to the passive impact in the external environment of the regional actor simply by the fact of its existence and due to its relative weight (Doidge, 2014; Hettne, 2014). Even to engage in an interregional interaction, is necessary a certain degree of actorship as a precondition (Hettne, 2014).

Likewise, it exists a narrow relationship between *interregionalism* and regionalism since the former is generally described as a derivation from the interaction among regional projects. The interregionalism genesis is used to be linked to a “twin processes” of new regionalism and globalisation (Rüland, 2014: 18; Doidge, 2014; Hettne, 2014; Hardacre & Smith, 2014; Santander, 2014; Ayuso & Gardini, 2018).

However, the research related to this topic is still scarce, and it is necessary to inquire about the opposite situation, in other words, the possibility of interregionalism influencing regional processes formation or even the disintegration of regional experiences (Baert, Scaramagli & Söderbaum, 2014; Hettne, 2014; Rüland, 2014;

Gardini & Malamud, 2018; Mattheis, 2018; Litsegård & Mattheis, 2018). According to that, Björn Hettne (2014, p. 61) states that, in order to understand interregionalism preconditions and nature, it is necessary to inquire on regionalisation and regional actorship.

In general terms, interregionalism could be understood as the situation or process of interaction between two or more specific regions (Baert, Scaramagli & Söderbaum, 2014, p. 4). Likewise, Mathew Doidge (2014) defines interregionalism as

(...) institutionalised relationships between groups of states from different regions, each coordinating to a greater or lesser degree. This therefore spans the range from highly institutionalised regional organisations – most prominently the EU – to looser aggregations of states for which the engagement in a specific interregional dialogue is their *raison d'être* as a grouping (...) (p. 38).

Therefore, there is an interregional diversity with different nature. Scholars mostly agree with the typology detailed below. A first category is *pure interregionalism, old regionalism* or *bilateral regionalism* (Baert, Scaramagli & Söderbaum, 2014; Doidge, 2014; Rüländ, 2014; Gardini & Malamud, 2018; Mattheis, 2018; Litsegård & Mattheis, 2018). This is the classical form of regionalism and refers to those relationships that are established between regional organisations in an institutional framework. Typical examples are EU-ASEAN and EU-MERCOSUR interregional relationships. The main issue with this definition is that several regions can have a low level of institutionalisation and lack clear borders, resulting porous and not fulfilling the requirements to be included in this category. Meanwhile, Heiner Hänggi (2006) calls *bi-regionalism* or *bilateral interregionalism* the interactions which:

are between regional organisations (as pure interregionalism), between a regional group and a regional organisation, and between two regions (cited in Baert, Scaramagli & Söderbaum, 2014; Mattheis, 2018).

A second category is the one named *transregionalism* (Baert, Scaramagli & Söderbaum, 2014; Rüländ, 2014; Doidge, 2014; Gardini & Malamud, 2018; Mattheis, 2018), which allude to those ambiguous interactions that imply low levels of institutionalisation and between dispersed regions with weak actorship. It could also include interactions among countries and/or non-state actors instead of regions (such as NGOs or networks of transnational corporations).

In third place, there is another category denominated *quasi-interregionalism, borderline or hybrid interregionalism* (Baert, Scaramagli & Söderbaum, 2014; Rüländ, 2014; Gardini & Malamud, 2018; Mattheis, 2018) to refer to an interaction between a country and a region, in other words, a regional group/organisation interacting with a country in another region. For example, EU Strategic Partnership with India, Brazil, China, among others.

Finally, the last category is *complex regionalism* to refer to those different levels of interactions that involve bilateral, interregional and multilateral relationships, which are developed at the same time and coexist (Baert, Scaramagli & Söderbaum, 2014; Hardacre & Smith, 2014). The only existing case is the European Union external relations. Some scholars also include the category of *megaregions* referring to those institutional interactions state-to-state encompassing countries from different regions (Baert, Scaramagli & Söderbaum, 2014; Doidge, 2014).

According to that classification, for the purposes of the present thesis, it will be applied the term *pure interregionalism*. In relation to that, authors like Gian Luca

Gardini and Andrés Malamud (2018) describe different patterns of region-to-region interactions according to two dimensions: the politico-institutional and the socio-economic one. Therefore, four ideal-typical patterns emerge. The first one is *leadership* when a senior region – usually a regional organisation – is in charge of carrying out the initiatives to accomplish the commitments with a junior region – which is not necessarily an organisation. The second pattern is *emulation*, which refers to those cases in which a junior region imitates the institutional structure of a successful partner. Another pattern is *cooperation* to allude to those experiences in which the senior region aids the junior one with economic, financial and technological support, but does not take part to set the goals. Finally, the *exchange* pattern is the interaction between regions that are in the same conditions. The main purpose is to establish policies regarding economic matters, such as tariff removal, intellectual property rights, free trade agreements, and common standards. This last pattern of exchange is the one described by the authors for the interaction between the MERCOSUR and the EU.

Some academics distinguish “old regionalism” (actor-centred) from “new regionalism” (system-centred) to emphasise a temporal difference among studies (Baert, Scaramagli & Söderbaum, 2014; Doidge, 2014). Studies on regional organisations capacity to develop actorhood pay attention to the following five functions of international forums: balancing (as a strategy to face changes in world politics), institution-building (as a new global governance management architecture); and rationalising (to emphasise dialogue as clearing-houses channelling). The analysis of agenda-setting (to establish new topics and agendas), and collective identity-building (to allude the process of mutual shaping identity between regions) are also common (Rüland, 2014, p. 17; Doidge, 2014).

From the structural or systemic viewpoint, scholars are mainly focused on interregionalism origins, therefore, analysing globalisation and regional process. Also, the assessment of interregionalism influence on regional cohesion and identity is common from this perspective (Rüland, 2014, p. 18).

With reference to the analytical approaches, the leading International Relations theories used in the study of interregionalism are Constructivism, Neorealism and Neo-institutionalism – even if the combination between them is very common (Rüland, 2014; Doidge, 2014). For both neorealist and neo-institutionalist explanation, interregionalism emerges as a consequence of the globalisation process that urges countries to impulse regional and interregional cooperation to compensate for their loss of policy choice capacities. In the case of neo-institutionalism, interregionalism appears as an instrument to manage the interdependence among countries. On the other hand, neorealism understands interregionalism as a strategy to forge alliances with other countries and balance-off regional challenges (Doidge, 2014; Gardini & Malamud, 2018). Meanwhile, constructivist theories analyse reflexivity and constitution of identities between regions (Doidge, 2014, p. 42).

The theoretical perspective applied in the present thesis is a combination between the *neo-institutionalist* and the *critical theory approaches*. From the former is recovered the notion that, under interdependence conditions, States applies patterns of institutionalised international cooperation based on rational choice (Barbé Izuel and Soriano, 2015, p. 143). In this sense, even if the States are interpreted as rational egoists who pursue their self-interest, they can achieve mutual benefit through institutionalised arrangements (Keohane, 1984).

From the critical theory I draw the notion of historical structure as a

(...) picture of a particular configuration of forces. This configuration does not determine actions in any direct, mechanical way but imposes pressures and constrains. Individuals and groups may move with the pressures or resist and oppose them, but they cannot ignore them (Cox, 1981, p. 135).

According to that, the combination of forces expressed in the historical structure as material conditions, patterns of thought and human institutions with certain internal coherence, determines persistent social practices (Robert Cox in Sanahuja, 2015, p. 168).

1.3 Methodology

The section below will be dedicated to the methodology applied in the present study. Its relevance is that it allows knowing the reality, and it is essential to develop and produce scientific knowledge. Hence, methodology is the bridge that connects the researcher with the reality that she is interested in investigating and interrogating to obtain information (Zapata Barrero & Sánchez Montijano, 2011, p. 29 & 30).

The selected method to carry out the work is the *instrumental case study*, which is inscribed in the field of *qualitative methodologies*. In this kind of studies the analysis goes beyond the experience intrinsic value, that is to say; the particular experience examination has sense because of allows answering an intellectual curiosity, question or problematic (Stake, 1995).

Therefore, the EU-MERCOSUR interregionalism is the selected case of analysis because it is considered to meet all the qualities to perform an analytical generalisation: its potentiality to include the main analytical dimensions (regional organisations, interregionalism, interregional framework cooperation agreement); its descriptive quality to produce information density and generate analysis categories and, finally, its value as a recent achievement to add innovative aspects and to make a contribution within the interregionalism study field:

(...) analysing the singular experience is not the investigative task purpose, but a mean or instrument to contribute to developing that field of knowledge (...)

The study case results to be an adequate research strategy to analyse the

disruptive practices deployment that have novelty points but also lines of continuity with the past (Robert Yin in Merlinsky, 2009, p. 3)⁵.

Regarding data collection techniques it has been chosen the *documental analysis* or *content analysis*, which consist of the review and comprehension of the communicative phenomenon according to the value of those who emit it or produce the message (Brunet, Pastor & Belzunegui, 2002). In this sense, the research aims at inferring – through objective and systematic identification of the communicative contents – the characteristics of the verbal messages and value the institutions and political actors communicative strategies. As *primary sources* I will examine all the official information: reports, dossiers, statutes, internal documents, statements, news and web sites available in official communication channels. Likewise, I will consider as a *secondary source* the reports and researches made by third parties and public documentations such as newspapers, web sites, among others.

⁵ The translation is mine.

Chapter 2

1999 - 2004 Beginning of the dialogue between EU-MERCOSUR

2.1 The international scene during the new globalisation era

The section below will be dedicated to the analysis of the international context characteristics during which the agreement's negotiations between the MERCOSUR and the EU began and to describe how this global structure constrained the decisions made by actors.

In this sense, it is essential to describe the main features of the globalisation during the period of study. Globalisation is a process on which scholars' opinion differ, in particular about when to set its origins. Those who are dedicated to the Global Studies field argue that the phenomenon lasts from the early modern age until nowadays, while others identify its roots since human origins (Steger, 2009; Parker, 2010). On the other hand, sceptics deny the globalisation's existence since there are areas in the world that remain excluded; therefore, it would not be a global phenomenon (Ritzer, 2010). For the thesis' purposes, it is particularly interesting to analyse the neoliberal phase of the globalisation because it established the patterns of interaction in the international relations scene during the period under study.

The period after the Second World War is characterised by the consciousness of the global political elite about the growing grade of interdependence. The concept of interdependence alludes to the fact that, in a globalised world, the actions taken by a country could impact directly or indirectly on other countries.

This set the conditions for one of the main features of the international liberal order: the multilateral system, which consists on the creation of institutions where countries could negotiate common interests and prevent future conflicts through the dialogue. These institutions would have the function of establishing rules of interactions among countries in order to govern the mutual interdependence (Ikenberry, 2018). Therefore, the primary function of these international institutions is to set foreseeable rules and principles that guide States in their actions and establish channels of communication and negotiation among them through the dialogue. A clear example of that is the creation in 1945 of the United Nations to preserve peace and security.

This last is connected with another characteristic of the international liberal order, which is a security cooperation. The aforementioned refers to the fact that even if States act as self-interest actors, the interdependence among them affects each other's policy choice capacities. For this reason, cooperation in terms of security alludes to collaboration in order to avoid future conflicts. Nevertheless, also, cooperation is pursued in common areas that concern all States as a globalisation consequence, as example, environmental issues, nuclear bombs disarmament, terrorist attacks preventions, diseases control, among others.

Another feature of the international liberal order is the democratic solidarity in terms of spreading democratic institutions, through which set new rights, and institutionalized relationships to protect human beings and promote growth and progress (Ikenberry, 2018).

In the economic sphere, it prevailed the economic openness with the international financial institutions exerting a pivotal role. Some institutions are still working, such as the International Monetary Fund (IMF). Meanwhile, others were the

predecessors of the contemporary ones, for example, the General Agreement on Tariffs and Trade (GATT) now replaced by the World Trade Organisation (WTO), or the International Bank for Reconstruction and Development (IBRD) today called the World Bank (WB). These institutions were important because they set the basis on which the neoliberal turn was then happening (Steger, 2009).

Around the 1980s the globalisation entered into a neoliberal phase, which implied the reconfiguration of the international system. It put an end to the welfare expansion in the Western countries and emphasised the free trade, tax reductions, government expenditures cuts, interest rate increase, and free movement of capital flows. This set of measures are known as “Reaganomics” in reference to the United States’ president who applied it. This had a high impact on international economic relations, due to the fact that dollar was the currency of international transactions, mainly affecting the Western Europe and Japanese economic competitiveness. Within the neoliberal measures are considered:

Main Neoliberal Measures

Table 1.

<ul style="list-style-type: none">- tax reductions- government expenditure cuts- privatisation of public companies- removal of global barriers to capital flows- economic deregulation- open free trade and industry- government down-sizing- international markets expansion- monetary measures to control inflation- labour flexibility
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Sources: Free adaptation of the book of Steger (2009, p. 42)

Related to this neoliberal turn, the international economic institutions mentioned above played an essential role in the implementation of these measures. In

this sense they appeared as the economic world order “guardians”, establishing the rules for international commerce and applying “conditionalities” to the countries that were requesting them loans or other services and benefits.

Also, the international economic institutions promoted free trade among countries, encouraging the establishment of regional and international trade liberalization agreements, such as the GATT and NAFTA (Steger, 2009). Based on the principle of comparative advantage, the institutions mentioned above promoted free trade. According to that, each country should produce and commercialize those goods and services on which it had lower opportunity costs than its competitors. This would create an international division of production, and countries would benefit from cooperation, trading those goods and services on which they had a competitive advantage. For that reason, all trade barriers should be removed in order to avoid distorting mechanisms.

Under this principle, a variety of projects flourished among countries with the purpose of improving international competitiveness. The WTO was mainly establishing the rules and acting as a warrantor of its accomplishment. The aforementioned development led to a new phenomenon known as “open regionalism”, which refers to trade preference for those countries belonging to the region but removing external barriers to attract foreign investments and improve international competitiveness (Sanahuja & Rodríguez, 2019).

Simultaneously, another process was taking shape: the so-called “new regionalism”. This alludes to the proliferation of regional integration arrangements – this would lead later to the interregional projects – among countries to reduce the limitations of the nation-States as a consequence of the interdependence generated by

the globalisation process in areas such as environment, economy, security, among others (Sanahuja & Rodríguez, 2019).

At last, interregionalism appeared as a new process, reflecting the context of its emergence:

Interregionalism is also considered to provide a means of shaping global governance. In other words, it is seen as an international phenomenon that can and must contribute to the development and consolidation of the global multilateral agenda. Interregionalism must, for example, conform to WTO standards and rules and be an incentive to world trade negotiations. The interregional economic and trade agenda is ambitious: it aims to create an interregional free trade area in accordance with global neoliberal principles (Santander, 2014, p. 116).

As was mentioned previously, the twin processes of globalisation and new regionalism gave place to the new phenomenon known as interregionalism.

2.2 Interregionalism as a response to interdependence

After the analysis of the international context under the neoliberal phase of the globalisation, it is important to inquire about how its effects affected the patterns of interactions in the EU and MERCOSUR. Therefore, the present section will be dedicated to explaining how the interregional project between the two regions emerged.

As it was mentioned, the new international liberal order shaped the decisions made by countries. In a context of interdependence and open free trade, countries tried to establish agreements to protect themselves with foreseeable rules. This is how, in the first place, former regional experiences appeared, being the European Union, the first one.

From a theoretical perspective, a first explanation is offered by the very processes of regionalisation and globalisation, which by limiting the control of nation states on their own policy choices, in fact encourage states to engage in regional and interregional cooperation (Roloff 1998 in Gardini & Malamud, 2018, p. 26).

This is in accordance with the neo-institutionalist approach embraced in the present thesis, in the sense that interregionalism is adopted as a strategy to managed interdependence among nation-States in a global context and diminish its effects by establishing agreements between regions.

The EU-MERCOSUR interregional commitment is a faithful example of the changes that were occurring in the international scene with the twin process of globalisation and open regionalism that were shaping the countries' decisions, with the WTO establishing the rules. Thus, the Interregional Framework Cooperation Agreement

between the EU and MERCOSUR reflects these principles: “(...) REAFFIRMING their desire to uphold and strengthen the tenets of international free trade, in compliance with World Trade Organisation rules, with a particular emphasis on the importance of open regionalism (...)” (Interregional Framework Cooperation Agreement, 1995, p. 2).

Different factors contribute to explaining the mutual interest in establishing an interregional agreement between both regions. In the first place, traditional linkages connect both regions because of past relations in colonial times. This implies shared values in cultural, social, economic, and political terms. In this sense, it was seen foreseeable and reasonable a free trade area due to mutual influence and historical commerce connections: “(...) CONSIDERING the deep historical, cultural, political and economic links which unite them, and taking inspiration from the values shared by their peoples (...)” (Interregional Framework Cooperation Agreement, 1995, p. 2).

Given the historical linkages, Spain was an active actor to achieve the deal due to its interest in sustaining a closed relationship with the ex-colonies. It is essential to bear in mind that Spain was officially incorporated to the European Union in 1986, after having been isolated from the international context for many years as a consequence of the dictatorship. Therefore, the Spanish government was relevant to prompt the connexions with Latin America to gain influence in the EU and obtain significant limelight in the global stage. Spain is the only country inside the EU, which has a global strategy for LA (Santander, 2014).

Another decisive factor in the rapprochement with the MERCOSUR was the United States’ attempt at establishing a Free Trade Area of the Americas (FTAA) launched in 1994. This was seen as a threat to the commercial strategy of the EU in the region because, if the agreement was reached, it would have adverse consequences for

its share market. Hence, this became an external pressure to accelerate the negotiations between the EU and MERCOSUR. For this reason, one year after, in 1995, the Interregional Framework Cooperation Agreement was signed with a clear spirit towards economic engagement.

One more critical factor is the European Union's pursuit of consolidation as an international actor in the global scene. On the one hand, the EU was attempting to project its image as a political actor in the international environment becoming an "external federator" (Santander, 2010 & 2014) and encouraging other countries to adopt the same institutional model in terms of liberal democracy, social justice and equality, multilateralism, international law, and market-based economy: "By promoting Latin American regionalism, the EU saw a means of exporting its model of regional integration and thus increasing its visibility and legitimacy as a political actor on the international stage" (Santander, 2014, p. 116).

As the European Union was gaining strength and consolidation through the years, it also needed to find its place in the international scene. Related to this, it then presented itself as a "normative power", which "(...) has as objective the attainment of an international order based on universal values and makes use, fundamentally, of persuasion. It is the strength of its ideas, based on universal values, which becomes the EU a power" (Barbé, 2014, p. 29)⁶.

On the other hand, it was expected to increase its economic power by accessing freely to a new big market. Concerning that, during the 90s the MERCOSUR countries were receiving 50% of the European foreign direct investment (FDI) allocated to Latin America (Sánchez Bajo, 1999).

⁶ The translation is mine.

From the MERCOSUR side, the interregionalism with the EU signified, on the one hand, the possibility to achieve a greater institutionalisation grade with the professional assistance and background of the European Union. On the other hand, it implied the possibility of major involvement in global trade by accessing the EU market and becoming less dependent on the United States' market. After the debt crisis of the 1980s, MERCOSUR countries wanted to engage with developed countries for fear of being marginalised (Doidge, 2014; Sánchez Bajo, 1999). "It became evident that political actors in MERCOSUR saw interregionalism as a means of mitigating the impact of market liberalization, enhancing the potential benefits of integration into global production networks, ameliorating intra-regional political tensions and supporting consolidation of MERCOSUR itself" (Doctor, 2007, p. 292).

2.3 The EU-MERCOSUR Interregional Framework Cooperation Agreement

The paragraph that follows will be dedicated to describing the main features of the EU-MERCOSUR Interregional Framework Cooperation Agreement, which set the basis for the future negotiations. Therefore, it is divided into three sections; each one focus on a different pillar of the deal: political dialogue, development cooperation, and reciprocal free trade.

On December of 1995, representatives of the EU and MERCOSUR agreed on the basis for the Interregional Framework Cooperation Agreement, manifesting their interest in strengthening the existing relations. Later, in 1999 both blocks began negotiating the deal's conditions. The period when the Parties started conversations overlapped with the flourishing of interregionalism and the enthusiasm linked to it as a new experience in international relations. As already mentioned, interregional projects appeared under the auspices of the WTO rules, reaffirming the commitment with free trade and multilateral institutions. It was within this context that the EU-MERCOSUR partnership emerged and their framework cooperation accord reflected the spirit of the time:

(...) CONSIDERING the political will of both Parties to achieve what will ultimately be a political and economic interregional association founded on greater political cooperation and progressive and reciprocal liberalization of all trade, taking account of the sensitivity of certain goods and complying with World Trade Organisation rules, and founded, finally, on the promotion of investment and closer cooperation (...) (Interregional Framework Cooperation Agreement, 1995, p. 2).

More precisely, the deal was performed according to the WTO-plus rules, which contemplates specific conditions when Free Trade Agreements (FTAs) go more in-depth than WTO rules. The objective is to warrant the compliance with the guiding principles of non-discrimination and the Most Favoured Nation (MFN), when “(...) a WTO Member enters into a regional integration arrangement through which it grants more favourable conditions to its trade with other parties to that arrangement than to trade with other WTO Members (...)” (Marceau, 2009, p. 124). The FTAs were considered as positive for the multilateral process since they exerted leverage in countries to adopt in international trade relations openness and competitive liberalization (Marceau, 2009, p. 124).

Therefore, agreements celebrated under the WTO plus rules contemplate deeper concessions in certain areas – always consistent with the WTO original rules. Regarding trade in goods, the deal could be established to reach more significant cuts on tariffs. Hence, the agreement could be placed to obtain benefits from the competitive advantage, develop a “hub and spoke” strategy or diversify trading patterns (Marceau, 2009).

Likewise, the WTO plus cover also the services sector, highlighting the possibility of more profound services integration in the economies. At last, there are special conditions to protect and enforce standards of intellectual property rights. In this sense, the Parties can set additional protection, especially in patentability issues (Marceau, 2009).

The EU-MERCOSUR interregional agreement pursued to reflect both Parties expectations to go further than a trade agreement. For that reason, the cooperation

framework was divided into three interconnected pillars: political dialogue, development cooperation and free trade.

2.3.1 Political Dialogue

As already mentioned, one pillar of the agreement is the political dialogue. The Parties contemplated cooperation regarding common-interest issues such as peace, development cooperation, conflicts prevention, democracy, human rights protection and promotion, among others.

A critical point was the MERCOSUR institutionalisation process. Due to its recent formation, one of the compromises was the EU engagement in the MERCOSUR consolidation as an international actor. Therefore, the EU would share its experience and guide the process in terms of regional integration such as customs union issues, decision-making body creation, technical and administrative assistance for a bureaucratic structure, and communication channel with private sectors and civil society actors.

As already mentioned in the previous section, one of the objectives of the European Union with the agreement was to project itself as a political actor in the international scene. In this sense, the EU was searching its global place as a “normative power” and to become powerful fostering other countries to follow its steps or to sign agreements in economic, social and political terms.

According to that, the agreement with the MERCOSUR seemed a window of opportunity for these purposes. MERCOSUR barely had eight years since its creation; therefore, one of the objectives of the agreement was the EU engagement in the institutionalisation process of the former. In 1992 the Agreement for Inter-Institutional Cooperation was signed and in 1993 the EU became MERCOSUR’s mentor in technical norms, customs, agriculture and social cohesion. It even collaborated with ECU200

million in assistance to the MERCOSUR Administrative Secretariat and the rotating Presidency of the MERCOSUR Council (Sánchez Bajo, 1999, p. 933).

Also, the political dialogue was designed as an instrument to coordinate common interests of the international agenda: “(...) this dialogue is also intended to ensure closer consultation on issues affecting both regions and on multilateral issues, in particular by allowing the positions of the respective Parties to be coordinated in the relevant multilateral organisations” (Interregional Framework Cooperation Agreement, 1995, p. 19).

Likewise, the Preamble declared the main political principles which attained to both regions, such as the adoption of United Nations Charter values in terms of human rights and human dignity as necessary conditions for democracy or the promotion of international peace and security (Interregional Framework Cooperation Agreement, 1995, p. 18).

Finally, both Parties set as an objective of the interregional agreement the achievement of sustainable and harmonious development in consistence with solidarity and social progress to their citizens. In this sense, as already mentioned, the compatibility with the democratic institutions and principles are fundamental to warrant the fundamental rights according to the rule of law.

The mechanisms to achieve this political dialogue are consultation, information exchanges and contacts as well as regular meetings among representatives of both blocks and between different institutional levels through diplomatic channels established by the Parties: sessions between European Union highest authorities and MERCOSUR heads of State; annual assemblies among the Ministers of Foreign Affairs of each region; summits of other Ministries considered relevant to the interest of the

Parties; and periodic encounters of senior officials (Interregional Framework Cooperation Agreement, 1995, p. 19).

In Article 3 & 25 of the Interregional Framework Cooperation Agreement, the Parties established a Cooperation Council as a regular channel of communication and in charge of implementing the agreement. Also, this body should meet periodically at the ministerial level and has the competences to present initiatives with the aim to achieve the deal's objectives. This political dialogue also is focused on pursuing joint stability, democracy, peace, security, regional development and prosperity.

2.3.2 Development Cooperation

The second pillar of the agreement is Development Cooperation based on mutual interest and reciprocity. The cooperation agreed by the Parties were divided into the economic, societal and cultural, and technical and financial areas. Therefore, development cooperation is a transversal pillar within the accord, which overlaps competencies with the other ones.

Regarding social and cultural matters, the EU assistance should be focused on improving the quality standards in terms of democratic values, the rule of law and promoting and respecting human rights, according to the principles stated in the political dialogue pillar. Due to the asymmetrical development between the regions, the primary purpose was that the European Union would aid the MERCOSUR to achieve better indexes in social and economic terms according to liberal democracy, social justice and equality, multilateralism, international law, and market-based economy principles.

The agreement also contemplated training and education in regional integrations with universities and business – like training for young people and vocational training – in order to achieve better results. Likewise, the Parties considered initiatives regarding information, communication and culture to encourage the dissemination of information of their integration process, as well to strengthen the cultural linkages and promote understanding within societies. Among the initiatives are the organisation of cultural activities and the promotion of interaction between communications and information media of both regions.

Cooperation in combating drug-trafficking is another issue which receives special mentions in the agreement. The aim is to prevent this kind of illegal activities and its possible ramifications, including the financial ones.

On the other hand, economic issues would be related to industrial cooperation and macro-economic dialogue. Supporting MERCOSUR's transition to a customs union and progressive trade liberalization according to the rules established by the WTO-plus commitment was one of the main purposes of development cooperation. Also, the agreement contemplates the cooperation in agro-food and industrial goods quality standards in compliance with international tendencies.

The aim is to expand the economies, foster scientific and technical development, improve the living standards, increase international competitiveness, strengthen economic links and create jobs (Interregional Framework Cooperation Agreement, 1995, p. 8).

In energy matters, both Parties are committed to stretch in energy-related activities, always contemplating environmental friendly achievements applied in a rational mode. The main initiatives included specific accords, dialogue regarding energy policy, joint technological development or infrastructure projects, and technical training programs.

Finally, the technical and financial fields are linked to investment promotion, technical standards and rules, and procedures of conformity evaluation. First, the agreement focused on the implementation of standards and technical regulations and certifications in agro-foods and industrial goods and services in coherence with international criteria and the purpose to improve the products and business quality.

Also, transport regulations are established for people and goods mobility, in compliance with international transport standards to avoid reciprocal barriers that could distort trade expansion. For that reason the agreement contemplated the restructuration and modernization of transport system in both regions.

Another issue related to cooperation is the engagement with environmental protection standards to prevent possible harm to nature as a consequence of the increment of trade among the regions. Therefore, Article 17 states: “With the aim of achieving sustainable development, the Parties shall encourage awareness of the issues of environmental protection and the rational use of natural resources in all fields of interregional cooperation” (Interregional Framework Cooperation Agreement, 1995, p. 10).

Cooperation in science and technology will pursue joint research projects between the scientific communities in areas of common interest and the exchange of information and know-how. The main measures considered are exchanges of scientists, joint conferences, projects and training, the publication of results, and share initiatives between the public and private sectors.

2.3.3 Reciprocal Free Trade

The last and third pillar is Reciprocal Free Trade, which is the main objective of the deal. It covers a variety of activities regarding commerce, such as the trade of goods, trade tariffs and non-tariff, sanitary and phytosanitary measures, technical standards and barriers to commerce, customs procedures, rules of origin, antidumping and other compensatory measures, safeguards and conformity assessment procedures (Bizzozero, 2006).

As well, it includes trade of services, investments and intellectual property rights. Finally, it also contemplates future regulations on government expenditures, competition policies and controversy solutions.

The cooperation framework sustains a free trade zone between both regions according to the WTO rules:

(...) MINDFUL of the terms of the Joint Solemn Declaration in which both Parties propose to conclude an Interregional Framework Agreement covering commercial and economic cooperation and preparing for gradual and reciprocal liberalization of trade between the two regions as a prelude to the negotiation of an Interregional Association Agreement between them (...)
(Interregional Framework Cooperation Agreement, 1995, p. 2).

In the Article 5 point 3 the agreement establishes the terms of the commerce such as trade liberalization (tariff and non-tariff barriers), market access and trade discipline, including rules of origin, special customs arrangements, safeguards and restrictive trade practices. All this was in accordance with the WTO and GATT rules of trade liberalization. The agreement also set the basis for the identification of those

goods considered sensitive or of priority importance by the Parties. At last, it states the conditions of cooperation and exchanges regarding the information on services.

In Article 10, the Parties stated their mutual compromise in economic cooperation as the main objective:

Guided by their mutual interests and their medium- and long-term economic objectives, the Parties shall promote economic cooperation in such a way as to help to expand their economies, increase their international competitiveness, foster technical and scientific development, improve their standards of living, establish conditions conducive to job creation and job quality and diversify and strengthen economic links between them (Interregional Framework Cooperation Agreement, 1995, p. 8).

In general terms, Article 11 on business states the mutual interest in favouring economic development in terms of increased industrial cooperation projects, investment, transfer of technology and flow of trade. Likewise, the article encourages the diversification and modernisation in industry. The parties are committed to prevent anti-dumping practices and to eliminate trade barriers to industrial cooperation by warranting compliance with competition rules and fostering the tailoring of those rules to the needs of the market.

Regarding the agri-food products, industrial goods and services, the Parties agreed on their free trade as long as both meet quality standards in conformity with international criteria — the purpose was to improve business and product quality in both regions. The agreement also contemplates safeguards and rules of origins for those goods identified by the Parties as sensitive or of priority importance.

In customs matters, both Parties established mutual cooperation to improve trade and investment translated in better infrastructure and operational procedures. For that reason, it established mutual technical assistance, information share, simplification of processes, and administrative exchange between the regions, and coordination of activities and development of new training techniques (Interregional Framework Cooperation Agreement, 1995, p. 7). Following this, Article 8 agree on statistical cooperation in information collection methods for the use of statistics on trade in services and goods.

In relation with intellectual property rights protection, the agreement prevented from including industrial designs and utility models, trademarks or brands, copyrights and similar rights, geographical terms and descriptions of the origin, patents and integrated circuit topography. Also, cooperation is considered in order to prevent distortions of trade, to encourage investment and the transfer of trade, technology and associated economic activity.

Also, the Parties contemplated mutual benefit from the investment. Therefore, both considered necessary to create better conditions for investments by means of promoting the development of a legal environment, joint ventures, investment opportunities and regular exchanges of information.

Among the services sector, special details, are dedicated to telecommunications and information technology. The aim is to foster social and economic development, to make modernisation of society easier and to drive the information society forward. Hence, the measures to be taken are the exchange of information, dissemination of integrated services digital networks, data transmission and new communications and information technology services.

Finally, the controversy solutions – in the case one of the Parties infringed or failed in fulfil an obligation in accordance with the agreement – contemplated appropriated measures.

Chapter 3

2004 - 2016 Suspension of the negotiations

3.1 Discrepancies around the agreement

The section below will analyse the significant sources of conflicts among the blocks, mainly in the negotiations on the terms of exchange. As already mentioned in Chapter 1, the pillars Political Dialogue and Development Cooperation were arranged without relevant differences. The main objections were deposited in the conditions of Reciprocal Free Trade.

A relevant factor in understanding the main motive of disagreement is that the EU-MERCOSUR lacks complementary trade dynamics (Hardacre & Smith, 2014); which means that the reciprocal trade affects sensitive areas of each Parties economy. Therefore, this derives in a controversy source between both blocks, because each region is focused on protecting its defensive interests.

Sebastián Santander (2014) describes with precision the issue derived from the attempts at establishing a Free Trade Agreement between a developed region with another one composed by developing countries. The author highlights the contradiction between the development agenda of the agreement with those regarding the neoliberal premise – mainly referred to open free trade, foreign investments protection and capital mobility:

The compatibility required between the WTO and any other kind of FTA reduces the room in interregional agreements for traditional development cooperation policies, such as the Generalised System of Preferences that may be granted unilaterally by the EU to regions composed of developing countries.

Consequently, while interregionalism includes strategic elements, it is distinguished by its neoliberal economic tendencies (p. 124).

One point disputed was how to apply the free trade zone. In this sense, under WTO plus rules, a progressive trade tariff removal among both blocks was established, to be divided into different phases. In relation to that, the MERCOSUR position was based on the argument that due to different development grade between the two regions, some special considerations should be set in the trade conditions. For that reason, one of the demands was to receive a Special and Differential Treatment under the protection of the WTO rules.

Regarding MERCOSUR, the claim was to achieve better market access to its main export products (the agricultural ones) and to improve the trade conditions for the industrial goods which represented its sensitive sector. As well, it was reluctant to open its trade to services, public purchases and intellectual property rights.

On its part, the EU was requesting protectionist measures to its agricultural products, since they represented its sensitive area. Also, it was demanding better market access to industrial goods and free maritime transport services. At last it was claiming better investment conditions, the acknowledgement of geographical indications and the recognition of the sanitary and phytosanitary rules.

In practice, the MERCOSUR was requesting tariff removal for its agricultural products since it represented its main export industry. For the EU it implied a complex negotiation because in many Member States the agro-food sector was a highly sensitive area that needed subsidies, such as the Common Agricultural Policy (CAP), to be profitable. Therefore, without barriers, the EU products could not compete against those

coming from MERCOSUR because of the competitive advantage in terms of quantity produced and better prices.

In the opposite direction, the EU was claiming more prominent access for its industrial products, especially those related to the automotive sector, which represented almost one-quarter of the trade. For MERCOSUR industries, the open trade of EU industrial products represented a threat to its own industrial sector, which was a sensitive area for the region.

Another relevant claim from the EU was the request to acquire “National Treatment” for its industries in MERCOSUR to obtain public procurements and the liberalisation of trade services, which was recognised by the MERCOSUR as a sensitive area. Due to the EU companies advanced development, if MERCOSUR accepted the requirements, this would imply an open competition with European multinational enterprises active in the utilities, giving them access to essential activities.

Also, another issue manifested by the EU as a condition for the successful agreement was MERCOSUR application of the sanitary and phytosanitary standards regarding food, plants and animal safety. The main purpose was to warrant trade within disease-free zones.

Finally, intellectual property rights were also a point of discussion in terms of patent and data protection durability. The same is for those goods claimed by both Parties under the rules of origin and, therefore, protected by the WTO rules and standards. Especially the EU was claiming for geographical indications to be recognized in the MERCOSUR to receive safeguard.

In addition to the discrepancies around the trade conditions, other factors should be bore in mind, such as MERCOSUR’s lower institutionalization grade in terms

of “imperfect customs union” (in the absence of standard rules and free circulation of goods) (Sanahuja & Rodríguez, 2019). Therefore, the section below will address these issues related to each region dynamics.

3.2 Formal suspension of the negotiations

The current section is dedicated to describing the internal dynamics which explain why the interregional agreements' negotiations were suspended during the period 2004-2016. Therefore, the factors related to the agency – in this particular case, each region – will be explored in the following paragraphs.

The agency factors refer to those internal dynamics inside the EU and MERCOSUR as actors, which explain in part the suspension of the negotiations. Some issues are individual of each region, and others are common and directly related to the agreement.

The main issue that created problems among the countries between both regions were agricultural products. The EU-MERCOSUR lacks complementary trade dynamics (Hardacre & Smith, 2014); therefore, this became a controversial key issue between both blocks due to defensive interests to protect the vulnerable industries within each region. Here the conflict is referred to the agricultural products, since it is the leading industry of MERCOSUR countries and, at the same time, the major protected industry in several EU countries.

For example, comparing with the ASEAN-EU interregionalism, one cause of its success was that each of the two regions had industrialized items to sell that are complementary, in other words, the EU sells products that ASEAN does not produce and vice-versa. Instead, the MERCOSUR-EU ratification stagnated due to the fact that they produce similar products.

Therefore, a division between the member states emerged. Some authors warn about the possible consequences for the EU agricultural sector and the MERCOSUR

industrial goods (Sanahuja & Rodríguez, 2019), while others see it as an opportunity to finish with the efforts to support them and finally open them to the international competition (Baltensperger & Dadush, 2019).

The relation followed what is called a “North-South pattern”, which refers to the division between countries that produce primary products – South – and those which produce industrial goods and services – North –; this was creating a trade gap because the former are sold an inferior price. Therefore, larger amounts of primary goods are needed to buy industrial ones.

In the MERCOSUR- EU interregionalism this division is present in two scales. On the one hand, MERCOSUR countries were mainly primary producers, and their economies were based on agricultural and livestock productions; meanwhile, EU countries had a developed economy, based on industrial goods and services.

On the other hand, inside the EU it existed the distinction between countries in which primary products were highly sensitive, such as France, Ireland, Poland, Austria, Luxembourg, Belgium, Finland, Hungary, and Greece; and the countries that could obtain significant benefits selling their industrial products to the MERCOSUR, like Germany, Great Britain, and Spain in a lesser grade.

Several Member States of the European Union were also beneficiaries of the Common Agricultural Policy (CAP), created to protect those sensitive products. The division was aggravated when, in 2004, the EU was engaged in the East Europe enlargement with the incorporation of other 10 states to the Union. This implied a change of focus in the EU toward its internal issues, but also in its political strategy towards the East as proposed by Poland and Sweden.

The last event affected the capability of Spain in influencing the EU agenda, mostly because the new countries were not interested in Latin American partnership and some of them were also beneficiaries of the Common Agricultural Policy. Furthermore, Spain had an ambiguous position about the agricultural products since it was pushing the negotiations with MERCOSUR but, at the same time, was receiving funds from the Common Agricultural Policy (Santander, 2014, p. 120).

The described situation became the central issue in the attempts to consolidate the EU-MERCOSUR interregional agreement. The EU countries affected required for protective measures against the free trade on primary goods, while the MERCOSUR stated that the majority of the traded products with the European Union were primary goods and, therefore, the arrangement would not be relevant for the region.

Business showed the most dynamic and mixed intra-group divergences of interest. On the one hand, it had much to gain; on the other, it provided some of the sharpest objections to the conclusion of negotiations, because it feared that there were no compensatory mechanisms available to losers from liberalization (Doctor, 2007, p. 294).

The EU agricultural sector was taking initiatives in order to delay the negotiations of the deal and prevent MERCOSUR's primary products free access to the European Union market. Simultaneously, EU sectors linked to industrial goods, services, and capital flows wanted open access in MERCOSUR.

In MERCOSUR, the concern was in the opposite direction. The primary sector supported free trade, and the industrial sector requested for protection to assure competitiveness. In this sense, "(...) state actors clearly were wary of opening

government procurement to EU firms, and their positions hardened against EU demands related to services, competition and investment” (Doctor, 2007, p. 292).

In addition to that, representatives of labour unions and social organisations from both sides manifested their opposition to the deal. On the one hand, unions were afraid of the consequences for their economic activities if the agreement was reached. On the other hand, social organisations expressed their concerns about environmental damage control and labour force conditions under the WTO rules.

Another factor was the MERCOSUR’s institutional weakness. In this sense, the process of integration was not accomplished: for example, the imperfect customs union or the lack of decisions’ body instead of each chief of State making choices on their own were elements to be fixed. Some scholars highlight that the attempts to establish the interregionalism were too early for the MERCOSUR, bearing in mind that it was not institutionalized (Rozember & Gayá, 2019). This made it even more difficult to resolve internal problems between interests and leadership.

Ricardo Rozemberg and Romina Gayá (2019) state that MERCOSUR institutional weakness and scarce integration was an important variable to understand the difficulties to set a bi-regional agreement with the European Union because of diverging opinions within MERCOSUR member states and missing capacity to negotiate with a partner (Cienfuegos, 2016).

Likewise, around 1998 and onwards, MERCOSUR countries suffered a financial crisis linked to the loans received during the decades before – in Argentina, for example, this implied the collapse of the economy. From the EU point of view, it was a concerning situation, which put forward the question if the MERCOSUR countries were

prepared to open free trade and international competitiveness, and as a consequence the EU lost part of its interest.

After these events, MERCOSUR shifted toward a focus on national industry that was against the liberal order principle of free trade. As MERCOSUR countries adopted policies to develop national industries and applied independently external strategies related to each national interests, the internal divisions soared. This made it difficult to continue with a shared regional political strategy and those internal differences were traduced in other projects that took place, such as the Bolivian Alliance for the Peoples of Our America (ALBA) boosted by Venezuela in 2004 and the Union of South American Nations (UNASUR) boosted by Brazil in 2008 (Santander, 2014, pp. 120 & 121).

Within this period of time, the MERCOSUR also had ups and downs in its States Parties. In 2009 the incorporation of Venezuela as a full member was approved. However, in August 2017 this country was suspended after the Chancellors of the States Parties determined “the breakdown of the democratic order”, which was in breach of the Ushuaia Protocol (MERCOSUR, 2017, para. 3). This was not the first time that a member was separated. In 2012, the States Parties decided to temporarily suspend Paraguay until the new presidential elections in that country, after the president’s destitution by impeachment in 48 hours barely (“El MERCOSUR suspendió a Paraguay y oficializó el ingreso de Venezuela”, 2012). According to Rozemberg and Gayá, this internal dynamics negatively affected the integrative process in terms of economic and political consistency (2019, p. 4).

In the same period, the EU started changing its strategy in the region, establishing arrangements directly with countries, for example, Brazil. This agreement

originated tensions among MERCOSUR countries which were requiring equal treatment.

By developing a close relationship with Brazil, the EU appears to be adopting a strategy similar to that of Washington, which has always favoured relationships with states rather than with regional groups (...) The EU's new approach has not been favourably received in the rest of the Southern Latin American countries and this is contributing to fragmentation and rivalry within LA (Santander, 2014, p. 123).

Moreover, this gave place to contradictions in the EU policy in the region and raised questions about its real interest in the interregional engagement. During this period, the European Union was combining bilateral and interregional strategies with Latin American countries, which gave place to some scholars to inquire about the real effectiveness of interregionalism.

3.3 What changed in the international context?

The present section is dedicated to the analysis of international context changes during the period when the negotiations were suspended (2004-2016) and to inquire how those changes influenced the delay in the attempts to reach the interregional arrangement.

The period under study is characterised by many events in the global stage that affected the dialogue between the EU and MERCOSUR. One of them is the terrorist attacks on September 11th of 2001 in the United States. This reconfigured the priorities in the EU international relations, placing security policy as the centre of the agenda, while MERCOSUR was still focused on trade issues (Bizzozero, 2006; Santander, 2014).

Another key factor was the stagnation of the negotiations with the United States for a Free Trade Area of the Americas (FTAA) since 2001. As already mentioned in Chapter 2, the possibility of an agreement with the US accelerated the dialogue between the EU and MERCOSUR, to avoid a first deal with the former and its consequent influence in the region. Once it was clear that the FTAA would not be concluded, the EU was gradually losing interest in the establishment of a free trade zone with the MERCOSUR countries.

Since 2006 the international stage was experiencing a transition to a multipolar world, leaving behind the times of the Cold-War era bipolar world, with the rise of new economically powerful countries named the “BRICS” (Brazil, Russia, India, China, and South Africa).

The EU has also been bilateralising its relations with Brazil and, in July 2007, it signed a *Strategic Partnership* with the country (...) there is a European will

to strengthen the EU's position in an emerging multi-polar world and to facilitate cooperation with emerging powers such as China, India, South Africa and Brazil (Santander, 2014, p. 122).

In coincidence with these events, scholars remark a tendency since 2000 onwards where the enthusiasm with interregional projects was eroding in favour of bilateralism, coinciding with a shift from a unipolar world to a multipolar one. The US hegemony, seconded by the Western countries, was being questioned by the ascendance of the new economies and, therefore, changed their strategies to achieve the self-interests (Baert, Scaramagli & Söderbaum, 2014).

Related to the Chinese economic ascendance, the demand of MERCOSUR products coming from that country engaged them in a robust commercial relationship. The aforementioned factors explains MERCOSUR interest shift towards Chinese trade, reducing space for the EU arrangement. "(...) over time and given booming demand for MERCOSUR agricultural products in China; the agri-business lobby has become less insistent on an immediate resolution to their problems in accessing EU markets" (Doctor, 2007, p. 296).

Simultaneously, MERCOSUR countries were facing a new wave of governments which promoted a counter-neoliberal discourse as a rejection of the adjustment policies applied during the 90s. Therefore, their programmes for national industry protectionism were in contradiction with some tenets of the interregional agreement with the European Union, for example, the gradual and reciprocal liberalization of commerce and the removal of trade barriers.

MERCOSUR countries also adopted a contested position against the international economic institutions like the IMF and WTO, critical promoters of the

standards and rules of interregional free trade area in accordance with global neoliberal principles.

At last, the Doha Round failure in 2003 sentenced the negotiations' stagnation. The Doha programme was launched in 2001 and "(...) is the latest round of trade negotiations among the WTO membership. Its aim is to achieve major reform of the international trading system through the introduction of lower trade barriers and revised trade rules" (World Trade Organization, 2020, para. 1).

One of its principal objectives was to improve the trade perspectives for developing countries and even pursued specific conditions for the trade in agricultural products, which included: "More market access, eliminating export subsidies, reducing distorting domestic support, sorting out a range of developing country issues, and dealing with non-trade concerns such as food security and rural development" (World Trade Organization, 2020, para. 7).

Therefore, in agricultural matters, the program included major compromises by the members in terms of removing distorted mechanisms on trade as a consequence of internal aids, as well in market access and reductions in the exports incentives and subsidies. The Doha Round was a key external point in the negotiations for the EU-MERCOSUR interregional project. The EU manifested in several opportunities that, regarding the concessions on agricultural products trade with MERCOSUR, these would be subjected to the accords in the multilateral level under the WTO rules mandate (Makuc, Rozemberg & Duhalde, 2015).

Finally, when the Doha Round failed, it had two negative effects for the interregional negotiations. First, the dialogue between the MERCOSUR and EU in relation to the agricultural products stagnated. More precisely, as the EU's' agricultural

concessions were subject to what would be agreed in the Doha Round, the MERCOSUR lost the possibility to arrange an accord in the area which was claiming better conditions. Second, it incentivised in the EU a different approach in its commercial initiatives. Therefore, there was a shift from the interregional projects to the bilateral strategic partnerships with the emerging powers as was previously mentioned in this Section (Makuc, Rozemberg & Duhalde, 2015, p. 21).

Chapter 4

2016 - 2019 The Interregional Framework Cooperation

Agreement end of negotiations

4.1 Crisis of the international liberal order and multilateralism

The present section is dedicated to the analysis of the contemporary international scene. The primary purpose is to demonstrate how the changes in the global stage propitiated the conditions to relaunch the negotiations of the interregional arrangement between the MERCOSUR and EU. Therefore, internal decisions in each region will be described in the international framework.

During recent years, the international system is facing a reshaping in power relations. The globalisation era and its neoliberal phase entered in a crisis period. In concrete, the multilateralism – fundamental pillar of international relations equilibrium – is being replaced by the unilateralism as a guiding principle.

As mentioned in Chapter 3, the multipolar world set after the Cold War gave place to the economic ascendance of new countries in the international economy. The aforementioned phenomenon implied that alternative powers were displacing the US as the hegemonic one.

A decisive factor was Donald Trump's arrival to the United States presidency in 2016. His speech had a nationalist tone, invoking the mythical phrase "make America great again" (Blake, 2017). Since he became a leader, he is applying unilateral and protectionist measures that question the multilateral system in which are based the international relations since the end of the Second World War in 1945.

Among the highlighted events, it is well known for the United States commercial trade war against China initiated in 2018. This aforementioned implied tariff increase on the products coming from China and the consequent retaliation of that country with the same measures. “The US-China trade war has been a great source of uncertainty for financial markets over the past year. That uncertainty has weighed on investor confidence around the world and has contributed to losses” (Palumbo & Nicolaci da Costa, 2019). Even, US protectionist measures were applied to products from its EU partners (Corona, 2020).

The protectionist initiatives applied were in detriment of the multilateral cooperation and open regionalism, essential characteristics of the international liberal order:

Since 2018, the trade and technological wars unleashed by the United States against China and even the European Union implied a real risk of market closure, foreign investment contraction and global economic slowdown, and jeopardise the productive processes based on the global value chain, which structured the economic dimension of globalisation (Sanahuja & Rodríguez, 2019, p. 16)⁷.

In addition to this, Trump also decided the US retirement from the "Iran nuclear deal" in 2018, which was preventing Iran's nuclear armament development. Therefore, previous sanctions were restored by the US to that country. This is another unilateral decision which affects cooperation among nations as it is conceived in the multilateral system. This produced controversies in the relationship with its transatlantic partner's signatories of the deal – France, Germany and Great Britain – that continued in

⁷ The translation is mine.

the accord, and provoked the denounce of violation to the agreement by Russia, China and Iran (Landler, 2018).

Furthermore, the US decision to withdraw from the Paris Climate Accord to reduce emissions of planet-warming gases is another example of this unilateral position ("Paris climate accords: US notifies UN of intention to withdraw", 2019). This implied a setback in the multilateral policies and cooperation, primarily because climate change is a clear source of mutual interdependence in the international agenda since it has a direct impact in the rest of the worlds' habitat and life quality. Finally, among current events, we can find Covid-19 crisis management. The US president accused the World Health Globalisation (WHO) of mismanagement and decided to withdraw the funds from the institution (Rogers & Mandavilli, 2020). Likewise, he suggested that the Chinese government initiated by purpose the virus propagation ("Coronavirus: Trump stands by China lab origin theory for virus", 2020).

At the same time, a new wave of conservative Parties in countries such as Hungary, Poland and Turkey appeared during the last years with a contested speech against the ideology, institutions, rules and elites of the globalisation era based on open regionalism and multilateralism as an expression of the current international liberal order (Ikenberry, 2018; Sanahuja & Rodríguez, 2019, p. 16).

Another important event is the Brexit, that is, the United Kingdom decision to leave the European Union. This gave place to the first entire "de-Europeanisation" of a Member State. Once again, the open regionalism and multilateral cooperation effectiveness is questioned since the UK decision is a signal of the changes reflected in the international scene.

Therefore, the crisis of the multilateral system affects the European Union model of interaction directly as a political actor in the global scene, since it is based in the dialogue and cooperation through international institutions and forums. The unilateral measures questions the EU authority.

On the EU side, as already mentioned, a complicated internal situation emerged in 2016 with Great Britain's request to abandon the European Union. This "de-Europeanisation" process, when a country decides to leave the Union, was the first one in history. The consequences for the regional block were several. In the first place, it was losing one the most political, economic and historical influencing countries in the world. Second, the Great Britain departure opened the question of how effective and powerful was the EU project.

Third, the EU lost one of its permanent members in the United Nations Security Council, France remaining as the only representative of the Union. The above means that the EU lost its privilege of having two members representing the block, unlike the remaining members with only one. Finally, and most important for the thesis purposes, the Brexit signified another blow to the international multilateral system of relations, since Great Britain was leaving a project which is based in cooperation to counterbalance interdependence.

The protectionist measures carried on by other countries were against the principles of open free trade promoted under the international neoliberal order. The multilateralism detriment means that the EU normative power, due to the international order is pursued through consensus and based on universal values. In this sense, the mechanism applied is persuasion employing the strength of ideas. Therefore, what unilateral measures do, in a certain way, is disabling the dialogue possibility among the

Parties. The European Union, as an actor capable of influence in international relations, is being questioned.

Another relevant factor was the global economic crisis in 2008 and its lasting effects and consequences. This crisis implied a contraction in investment and commerce, which prompted international actors to seek new markets. Yet MERCOSUR showed a quick recovery with positive balances in the trade balance as a product of China's demand for primary goods. Therefore, the economic asymmetries between the EU and MERCOSUR diminished and, even, an interregional arrangement with MERCOSUR seemed now more attractive for the EU. Likewise, this close relationship with China represented a threat to the EU interests in the region, due to China's growing links in industrial sector investments and exports with MERCOSUR countries.

A critical factor influencing the relaunch of the negotiations was the arrival of new governments in the MERCOSUR with a liberal ideology, such as Michel Temer in 2016 and then Jair Bolsonaro since 2019 in Brazil and Mauricio Macri in 2015 in Argentina. They manifested an apparent compromise with the neoliberal principles, having a closed relationship with IMF authorities than their predecessors and with a manifested intention to "be part of the world again", to cite the expression of Argentina's president to refer to his foreign policy ("Macri: 'Queremos volver a ser parte del mundo', 2016).

Because of the aforementioned, the Interregional Framework Cooperation Agreement with MERCOSUR relaunch seemed an opportunity to send a reliance message in the open regionalism principles. On the other hand, MERCOSUR's interest in the accord still responded to economic interests in the region, mainly those related to trade possibilities with a strategic partner as the EU.

The Trump trade war political effects acts as an (...) incentive to the MERCOSUR-EU agreement: the idea of an order based on power instead an order based on rules results external to both regions values, as well as deepens the World Trade Organisation crisis and increases trade policies uncertainty. In this context, the trade arrangement signature (...) becomes an instrument of predictability, at the same time contributes to the 'soft power' generation in the international liberal order weakness framework (Zelicovich, 2019, p. 4)⁸.

Likewise, other factors accelerated the end of negotiations. In the first place, the Argentinian presidential elections and the end of the EU Commission mandate, both to be celebrated in October 2019. These events were considered as "deadline" dates because they could change the scenario and the actors favourable to the agreement after the results. In the second place, the end of negotiations was also seemed like a "window of opportunity" to show an economic victory and defend the international liberal order (Bianco, 2018; Sanahuja & Rodríguez, 2019; Zelicovich, 2019).

On May 10 of 2017, the European Commission published the "Reflection paper on Harnessing Globalisation" which states the EU's foreign policy strategy in view of the changes faced in the international economic relations.

Multilateral cooperation with our global partners remains our preferred approach. To that end, we should contribute to the strength and reform of multilateral institutions to make them fairer and more effective so that they remain a part of the solution. Yet in an increasingly contested global order, we should also be ready to push ahead through cooperation with smaller coalitions,

⁸ The translation is mine.

while leaving the door open for others to join when ready (European Commission, 2017, p. 13)

The document is an EU's declaration position in the globalisation crisis framework in defence of the multilateral system and the cooperation.

4.2 The agreement is reached

The present paragraph objective is to brief the points negotiated in the Interregional Framework Cooperation Agreement in June 2019 between the EU and MERCOSUR.

Focusing on the agreement's final negotiations analysis, a first section is on the trade in of industrial goods. The Parties agreed that the EU would remove the 100% of industrial goods trade barriers in 10 years, while the MERCOSUR would entirely remove duties in key EU offensive areas such as cars and car parts, pharma, chemical and machinery.

Regarding agricultural products, MERCOSUR would eliminate 93% of tariffs on EU agri-food. On its part, the EU would liberalise 82% of agricultural imports, but remaining imports would be subject to partial liberalisation in sensitive goods (beef, poultry, pigmeat, sugar, ethanol, rice, honey, and sweetcorn), even including quotas. In the case of cheese, milk powder and infant formula, the Parties established a reciprocal tariff-rate quota opened in 10 years by both sides. Also, MERCOSUR would liberalise other essential EU export products: wines, spirits, soft drinks, olive oil, canned tomatoes, malt, canned peaches, frozen potatoes, biscuits, pigmeat, chocolates, and fresh fruits (apples, nectarines, kiwis, plums and pears).

In relation with rules of origin, the Parties agreed that the interested exporter should present a statement on origin in order to request a preferential tariff treatment. For MERCOSUR countries a maximum of 5 years of a transitional period is contemplated. There is a section dedicated to the Product-Specific Rules of Origin for important EU export sectors, for example, car and car parts, machinery in general, chemical processes, textiles and clothing. In the MERCOSUR case there are limited

exceptions related to its natural exports to the EU (for example, coffee, soya, iron, steel and some plastics).

In customs matters, cooperation is established as a mechanism to prevent unfair trade and set the instruments to achieve fair deals, such as anti-dumping, anti-subsidy and global safeguards. Also, bilateral safeguards are contemplated to “(...) remedy economic damage caused by unexpected or significant increases in preferential imports resulting from the agreement (...) and allows for the suspension of preferences during a period of up to two years, with a possible extension of another two years” (MERCOSUR-EU Agreement, 2019, p. 6).

Another relevant issue is the sanitary and phytosanitary measures. The rules of procedure are according to the EU standards applied in agricultural and fishing products in terms of food safety, plant health and animal health. The main objective is consumers protection employing exchanges of information and transparency, predictable procedures, and the possibility to take immediate action in emergencies. In addition to that, the regionalisation principle is applied to warrant that trade to take place from disease-free zones. Specially, a dialogue is established in issues regarding animal welfare, application of agricultural biotechnology, antimicrobial resistance, and scientific matter related to food safety, animal and plant health.

Likewise, there is a paragraph dedicated to services and establishment. It pursues a better deal with consumers and the open access to the EU enterprises in the dynamic service sector in MERCOSUR, in other words, warranting same competitive conditions as the MERCOSUR ones. The measures consist of removing obstacles and new investment opportunities in the manufacturing and service sectors, ensuring level-playing to the EU service providers. Among the agreed terms are the service and non-

service investment liberalisation and the movement of professionals for business reasons. There are some provisions for the Parties, for example, the public authorities' right to regulate public services (healthcare, education, water, among others), as well as domestic regulation in rules on conditions and procedures to licensing. Finally, the agreement establishes specific regulations in postal and courier services, telecommunications, financial services, e-commerce, and maritime services for anti-competitive practices, providers equal conditions, and trade barriers elimination among the primary measures.

An important negotiation was MERCOSUR's concession to the EU firms and companies to bid for and win government contracts based on the principles of transparency, fairness and non-discrimination. "The agreement will open markets on both sides and will provide, in the area of goods and services (including construction services), secure reciprocal legal access to government procurement markets where public procurement contracts are above specified thresholds" (MERCOSUR-EU Agreement, 2019, p. 10). At the same time, MERCOSUR gains access to the EU procurement market at a central level, including procurement by central government contracting authorities in the EU Member States and by EU institutions (MERCOSUR-EU Agreement, 2019, p. 11).

Regarding competitiveness, the Parties agreed on joint cooperation to avoid anti-competitive practices, antitrust and mergers, and concerted practices and abuse of dominant position. Even, the accord contemplates the establishment of a Competition Authority with competence to call for bilateral consultations if the case of anti-competitive practices that may harm the interest of one of the Parties (MERCOSUR-EU Agreement, 2019, pp. 11 & 12).

The paragraph concerning intellectual property rights and geographical indications receives an extensive part of the agreement. Dealing with the former, the Parties established legal commitments, provisions on cooperation and comprehensive rules to improve the enforcement and protection of copyright and related rights, trademarks, designs, patents, plant varieties, trade secrets, and enforcement in their territories.

Special attention was given to geographical indications in order to improve the conditions of MERCOSUR and EU producers of foods and drinks. From the EU side, 355 geographical indications of spirit, wine and food were required to be protected in MERCOSUR, including images, symbols, flags or words that could suggest a false geographical origin. From the MERCOSUR side, 220 geographical indications were presented to be protected within the EU. Also, the section contemplates special transitional periods for those products that needed to cease the use of the name. Likewise, the Parties accorded – just in a limited number of cases – the “grandfathering” principle, referring to those products “(...) which were granted to pre-identified producers that had already been selling products with these names on the market concerned for a certain number of years. Such companies are allowed to continue using the name subject to labelling requirements” (MERCOSUR-EU Agreement, 2019, p. 14).

Finally, on trade and sustainable development, the Parties manifested an apparent compromise with the environment, stating that an increase in investment and trade should not be in detriment of the environment or labour conditions. With reference to work conditions, both blocks assume the commitment with the International Labour Organisation Convention on the prohibition of forced and child labour, non-

discrimination at work, and freedom of association and the right to collective bargaining.

Furthermore, the Parties adhere to the multilateral environmental agreements regarding wildlife trade like CITES Convention or in climate change matters as the Paris Agreement. In concrete, the section appeals for responsible business conduct and sustainable management of forests, biodiversity and fisheries. In other words, “It safeguards relevant initiatives on sustainable agriculture, including EU private sector actions on zero-deforestation supply chains and producer-led initiatives, such as the soy moratorium in Brazil to limit the expansion of soy plantations in forestland” (MERCOSUR-EU Agreement, 2019, p. 15). At last, the paragraph states that environmental damage could be subject to a specific dispute settlement procedure and, for that reason, promotes corporate social responsibility business conduct according to OECD and UN principles.

To sum up, both parties made concessions in order to achieve a successful negotiation. From the EU side better market access conditions for the MERCOSUR agricultural exports were granted. As well, the “grandfathering” principle for those MERCOSUR products with coincident traditional denominations was recognized, together with 220 geographical indications.

Meanwhile, the MERCOSUR conferred greater advantages to the EU in industrial products. Also, it recognized the 350 geographical indications to be protected. Other concessions were the full reciprocal access to services, intellectual property and government purchases, giving National Treatment to other part’s companies. A further relevant MERCOSUR compromise was to adhere to the EU sanitary and phytosanitary standards.

At last, both Parties contemplated a gradual reduction of trade customs in recognition of the asymmetries in industry and agriculture according to each region sensitive sector. Likewise it was planned a safeguard clause in the case sensitive sectors could be affected as a consequence of free trade. Finally, the two regions committed to pursue a sustainable development compatible with the environment and labour conditions.

4.3 Analysis of the interregional agreement negotiations

The purpose of the present section is to study the interregional agreement content in terms of its possible economic impacts in both regions. Likewise, some prospective comments about the ratification's future are offered. Finally, the section ends with an analysis of the evolution of the negotiations since its beginning in 1999 until its concretion in 2019.

First observation of the final negotiations is the influence of WTO rules on the points agreed by both Parties. There is an evident compromise with free trade and open regionalism principles. Therefore, this is in accordance with the argument that the interregional agreement between the EU and MERCOSUR is a vote of confidence to the multilateral trade rules and the international liberal order values and institutions in the middle of the globalisation crisis.

One relevant element to bear in mind is the fact that both the EU and MERCOSUR did not experience significant changes in their productive structures. Therefore, although the negotiations were achieved and each side made concessions, the North-South pattern relationship is still existing and creating discrepancies among the countries between the two regions.

From a liberal approach, the interregional agreement would be beneficial due to the competitive advantages in each region that would raise the global trade volume so as consumers could enjoy cheaper prices and products variety. Some authors see here an opportunity to finish with the efforts to support the defensive sectors and finally open it to the international competition (Bianco, 2018; Baltensperger & Dadush, 2019). That is to say:

(...) if the EU's agriculture sector is fully exposed to Mercosur competition, and vice versa in manufacturing, both blocs could see big so-called dynamic gains, ie ongoing improvements in productivity and innovation triggered by increased competition and assisted by scale economies (Baltensperger & Dadush, 2019, p. 6).

Meanwhile, the developmental approach sustains that if there are different productive and competitive levels in the areas of industry and development in general, then it is likely that the open free trade would increase the production in those areas that already had competitive advantages. In this case, scholars warn about the possible consequences for the EU agricultural sector and MERCOSUR industry (Bianco, 2018; Sanahuja & Rodríguez, 2019). Due to complementary trade absence as a consequence of North-South trade pattern, the free trade could affect the sensitive products but also reinforce the international economic insertion pattern of each region. In other words, in the lack of productive reconversion process, for example, the MERCOSUR countries could deepen their global market position as primary producers and manufacture importers.

Alternatively, according to the developmental approach, a certain symmetric grade of industry and development will be necessary to achieve greater gains – derived from major production scales and productive learning processes between industries – that allow the development of added value activities and technological content (Bianco, 2018, p. 122 & 123).

Moreover, the agreement could affect intra-zone commerce, since products that used to be traded within the region, now could be redirected to those countries in the other block which have better prices. For example, probably Argentina will reduce its

demand for industrial products imported from Brazil like chemicals, cars and cars parts, rubber and plastics substituting them those coming from the EU. The same could be applied in the EU agricultural products trade with the MERCOSUR ones.

Even if the negotiations ended, the agreement is still awaiting its ratification by the Parties. In the case of MERCOSUR, it should be approved by the legislative bodies in Argentina, Brazil, Uruguay and Paraguay. While in the European Union it should be ratified by the Commission and the Parliament – it even should be signed by the legislature of each EU Members if it is considered as a mixed competencies deal. Therefore, it seems that a long time will be need before until it could be put on function.

Among the factors considered vital for the signature, one is the future situation with Amazon deforestation that raised tensions between France and Brazil governments – but also with other EU Members. In this sense, France’s Prime Minister stated that he would not ratify the agreement unless the Amazon fires stop (“Amazon fires: Brazil threatened over EU trade deal”, 2019; Ayuso, 2020). Within the European Union, this issue created internal divisions. On the one hand, some Member States like France and Ireland believe that threatening with withdrawing from the signature could encourage Brazil to take some measures against the deforestation. On the other hand, some countries are affirming that signing the agreement in the most effective instrument to control Amazon deforestation, since it contemplates possible sanctions in case of environmental damage issues.

Likewise, internal divisions inside each country of both regions are still playing a pivotal role. Notwithstanding the negotiations already finished, the North-South division is still being a sensitive point. In the EU, countries like France, Poland and Ireland are still rejecting the agricultural openness, while Germany is pushing for better

market access conditions for cars and industrial goods in general. Within the MERCOSUR industrial unions were claiming for major benefits for its products. It is also expected the reaction of civil society movements regarding environmental and human labour protection.

Even the Brexit's consequences could also be relevant since the United Kingdom was one of the countries in favour of the deal. Therefore, the configuration of political forces within the European Union around the agreement can be different than when it was negotiated. Likewise, the position adopted by the new presidents of Uruguay and Argentina elected in 2019 will be decisive.

Another relevant factor will be the US presidential elections in November 2020 which – depending on which candidate wins – could vary in great magnitude the international scene. As well, the Covid-19 consequences – still uncertain – are also crucial since a global economic contraction due to the volume of its effects is expected and it is uncertain how the economic recovery could affect the trade among the EU and MERCOSUR zones.

Addressing the thesis' hypothesis which states that *the changes in the international economic order configuration of forces shaped the evolution of negotiations between the MERCOSUR and EU*, it is possible to apply the Critical Theory approach, which suggests that the international economic order is a historical structure that pictures a particular configuration of forces. This historical structure imposes pressures and constrains the actors' margin of manoeuvre. In this sense, it is possible to identify three periods where the international economic order was shaping the EU-MERCOSUR interregional negotiations.

A first period was characterised by the open free trade and the unipolar world (1999 – 2004). Those years, as already mentioned in Chapter 2, witnessed the shaping of a unipolar world after the end of the Cold War with the Soviet Union collapsed in 1991. Therefore, the international relations acquired a Western vision with the United States exerting hegemonic power, backed by the Western Europe countries and Japan. During this period, the neoliberal turn was settled down in several countries.

This neoliberal turn constitutes a phase within the encompassing globalisation process. Among the neoliberal tenets, multilateralism appears as a guiding principle for international relations in the global era. The primary purpose was to govern interdependence among countries produced by globalisation through cooperation (Doctor, 2005).

In the economic field, international institutions like the IMF and WTO developed a crucial role in setting the rules of the game and assuring its accomplishment. In this sense, under the WTO rules, the objectives were to promote open free trade, propitiate better conditions for investment funds flows and increase international competitiveness, as well as to profit from the competitive advantages deriving from the new global value chains.

As an attempt to govern interdependence, two phenomena emerged: open regionalism and new regionalism. The open regionalism, consisted of trade preference with those countries belonging to the region but removing external barriers to attract foreign investments and improve international competitiveness. The new regionalism had the objective to reduce the limitations of the nation-States as a consequence of the interdependence generated by the globalisation process in areas such as environment, economy, security, among others.

Furthermore, the twin process of globalisation and regionalism gave origin to the interregional experiences as a means of shaping global governance and contribute to the development and consolidation of the global multilateral agenda.

It is within this combination of forces that the negotiations for an interregional agreement between the EU and MERCOSUR began. The international context incentivised the proliferation of Free Trade Agreements. In this sense, the United States attempt to establish a Free Trade Area of the Americas was within this framework and, also, raised the EU interest in signing an accord with the MERCOSUR countries too.

As well, being the regional project a new phenomenon in international relations, the European Union was seeking its place as an international actor after its institutional consolidation. Therefore, it wanted to display its strength by exporting its model to other regions and establishing interregional agreements as a sample of its capacity.

Likewise, the interregional project was adopted by the MERCOSUR countries as an insertion opportunity into the global production networks and to improve its institutional-grade by taking the EU as an external federator.

The transition to a multipolar world marks a second period (2004 – 2016). The economic ascendance of the BRICS countries set a new international scene, as they appeared as global competitors to the Western countries. Concerning that, China started a more significant commercial growth during this period, giving place to new trade partnerships. This became evident when China raised its demand for MERCOSUR products, prompting a closer trade relationship among them.

Also, Brazil economic growth boosted the EU to pursue a bilateral trade strategy with that country in contradiction to the attempts to establish a bi-regional agreement with MERCOSUR.

Likewise, the terrorist attacks of September 2001 played as a turning point in international relations. The agenda shifted from commercial partnerships to security cooperation policies, switching Western countries' priorities. An example of that was the stagnation of the Free Trade Area of Americas project, which also impacted in the EU's interest to sign a deal with MERCOSUR. Similarly, the Doha Round failure played as a pivotal event, which contributed to the negotiations' stagnation.

In this period of time, the negotiations to strengthen commercial links among the EU and MERCOSUR were formally suspended. The new configuration of forces represented in the changes of priority in the international agenda and the ascendance of new international actors influenced the loss of interest by both parties.

Finally, the third period was conditioned by the increasing protectionism and the globalisation crisis (2016 – 2019). During those years the configuration of forces changed with the ascendance of new political actors which showed a conservative tendency. Particular relevance for international relations had Trump's triumph in the US presidential elections in 2016. As mentioned before, the US applied protectionist measures that affected international free trade, imposing barriers and taxes to goods and services. Those measures could produce foreign investment contraction and global economic slowdown, market closure, and jeopardise the productive processes based on the global value chain.

From a general perspective, what the third period is displaying is the globalisation crisis in the sense that the protectionist measures carried by single

countries are affecting the free trade and the multilateral system. Examples of that crisis are the US unilateral measures such as the Trade War against China, the cutting of financial funds to the World Health Organisation, and the withdrawal from the Iran Nuclear Deal and the Paris Climate Accord, as well as the Brexit and the ascendance of conservative parties with a contested speech against multilateralism and the international liberal order itself.

It is within this new configuration of forces that the EU-MERCOSUR interregional agreement negotiations were relaunched. The EU was seeking new allies to endorse the multilateral system, as it declared in the “Reflection paper on Harnessing Globalisation”. In other words, as the EU established itself as an international actor with normative power, it is precisely, the possibility of attaining an international order based on universal values and the strength of its ideas which is being threatened. Therefore, the negotiation of a free trade area with MERCOSUR was a manner of sending a support signal to the multilateral trade rules, open markets and the international liberal order values and institutions to counterbalance the US protectionist policies.

From the MERCOSUR point of view, the interregional accord would mean its economic insertion in the global world, in light of the decreasing tendency of primary products exports boom with China. With the ascendance of new liberal governments in the region, the agreement represented a signal to the global markets to attract investment funds and promote free trade in the zone.

Therefore it is possible to infer that the interregional negotiations’ ups and downs between the EU and MERCOSUR were conditioned by the changes in the international order configuration of forces.

In this sense, the EU and MERCOSUR acted as international actors following the neo-institutionalist approach adopted in the present thesis which states that, in a global interdependence context, interregionalism can be understood as a joint attempt by nation-states to manage its complexity (Heiner Hänggi in Gardini & Malamud, 2018, p. 26).

In this way, it could be considered that both regions conceived the interregional agreement as a means of institutionalising their patterns of interaction according to foreseeable rules and norms through which international cooperation was possible. This was particularly true, in a context where the multilateral cooperation – considered as a shared value by both regions to sustain the international order based in rules – is being threatened by protectionist measures.

Even conceiving nation-states as rational egoists that pursue their self-interest, the interregional arrangement enables the achievement of the mutual benefits. Then, the accord could change countries' behaviour by giving transparency to their actions and compromises, providing common standpoints for cooperation and setting thematic agendas among the regions.

Chapter 5

Conclusions

5.1 Final Reflections

The section below is dedicated to offering some final reflections of the analysis carried out in the present Master Degree Final Thesis regarding the negotiation's evolution of the interregional project between the European Union (EU) and the Southern Common Market (MERCOSUR) from 1999 to 2019.

Around the '90s, regional experiences were proliferating in different parts of the world. The main purpose was to face the challenges posed by the new globalisation era in terms of diminishing its impacts, cooperating for a more secure multilateral order and managing the complex integration into the global economy. Therefore, regionalism was considered as a means to govern the complex interdependence among nation-States and diminish the impact of other countries' decisions.

Likewise, within the globalisation process, there was the emergence of the international liberal order with the end of the Cold War and the consolidation of the neoliberal institutions around the world. The main characteristics of this international liberal order are the free trade, multi-layered system of global governance, and the main role of international economic institutions such as IMF, WTO and WB. These international economic institutions appeared as the authorised voices at establishing the rules and exerting as guardians of its fulfilment. The objectives were to promote open free trade, propitiate better conditions for investment funds flows and increase international competitiveness, as well as to profit from the comparative advantages deriving from the new global value chains.

The twin processes of globalisation and new regionalism gave place to a new phenomenon known as interregionalism to refer those agreements celebrated among two regional organisations. It was employed by nation-States as a strategy to manage their loss of capacities derived from the shift of power to markets and the complex interdependence. As well, it was used to establish foreseeable rules within the uncertain conditions of economic globalization.

The project at establishing an interregional agreement between the EU and MERCOSUR dates since 1995, when representatives of both blocks signed the Interregional Framework Cooperation Agreement. The main objective was to strengthen economic, political and social ties based on existing historical linkages. Therefore, the Parties accorded to set the basis around three pillars: Political Dialogue, Development Cooperation and Reciprocal Free Trade.

Later in 1999, considering the agreement as a point of departure, both regional organisations engaged in the negotiations on how to apply its contents. Regarding the pillars, development cooperation and political dialogue were agreed relatively easy due to shared values and similar political visions. However, the discrepancies around the reciprocal free trade pillar provoked the formal negotiations' suspension in 2004.

Basically, the main reason was the lack of complementary trade dynamics: for example, the EU and MERCOSUR did not develop a trade relationship in which the EU sells products that MERCOSUR does not produce and vice-versa. The EU-MERCOSUR trade relationship followed a North-South pattern: the EU exports manufactured products to the MERCOSUR, meanwhile the MERCOSUR exports agricultural products to the EU. In addition to that, the free trade between the two regional organisations could affect sensitive areas, those that needed to be protected in

order to survive and being competitive in the international market. The EU defensive area are the agricultural products, while in the MERCOSUR they are the industrial ones. Therefore, without active measures to reverse the tendency, the reciprocal trade would affect sensitive areas of each Parties' economy.

The evolution of the negotiations was conditioned by the changes in the international economic order configuration of forces. Applying the Critical Theory approach, this international economic order acts as a historical structure which condenses a particular configuration of forces in a determined period of time. This configuration does not condition actions in any direct, mechanical way but imposes pressures and constraints on actors' decisions. Throughout the thesis three periods were identified according to the changes in the international economic order.

The first period began in 1999 and ended in 2004, which comprehends the beginning of the negotiations. The global scene was characterised by the end of the Cold War and the transition to a unipolar world with the US as the hegemonic economic power. This was also in coincidence with the expansion of the neoliberal institutions around the world within the globalisation encompassing process.

For the EU the interregional agreement with MERCOSUR signified an opportunity to consolidate its ties with the region and to counterbalance the United States' economic attempts at establishing a Free Trade Area of the Americas, which represented a threat to the EU's interests in the region. As well, the agreement would serve to the EU to present itself as a powerful international actor. In other words, becoming an external federator of other regional projects would strengthen its normative power.

Meanwhile, the MERCOSUR interpreted the accord as an opportunity to acquire greater institutionalisation grade with the auspices of the most experienced region in the world: the EU. Likewise, the agreement was considered as a strategy to diminish the dependence of US trade demand. Finally, it represented the possibility of enhancing the potential benefits of integration into global production networks.

The second period covers from 2004 to 2016 when the negotiations were formally suspended and overlap with the ascendance of new economic powers in the global scene named the BRICS. During those years, the international system passed from a unipolar to a multipolar world. Also, the Doha Round failure played as a pivotal event, which contributed to the negotiations' stagnation.

The ascendance of new economic actors and the changes in the international agenda reduced the interests in the accord. On the one hand, the EU changed its interregional strategy for a bilateral one with those countries that were of its particular interest. It even established a Strategic Partnership with Brazil, which raised the claim by other MERCOSUR countries to receive the same treatment. Another key factor was the abandonment of the FTAA project, which diminished the EU interest in creating a free trade zone with MERCOSUR. At last, the 11 of September of 2001 terrorist attack changed the priorities in the international agenda, mainly in the western countries. Therefore, the EU redirected its foreign policies to security cooperation. The aforementioned elements added to the financial crisis experienced by MERCOSUR, diminished the relevance to the interregional project.

On the other hand, MERCOSUR experimented changes in the political forces. After the economic crisis of the late '90s, a new wave of governments came in opposition to the adjustment policies applied during the past decade. These new

governments applied policies towards national industry and less open to free trade. Also, MERCOSUR established a close trade partnership with China. Due to the increasing demand for MERCOSUR agricultural products in China, the agri-business sector was less interested in an interregional project with the EU.

At last, the third period comprehends the years between 2016-2019, during which the negotiations were relaunched and finally achieved. This is in coincidence with the globalisation crisis as a consequence of the generalised questioning to liberal order institutions. The US unilateral measures such as the Trade War against China, the cutting of financial funds to the World Health Organisation, and the withdrawal from the Iran Nuclear Deal and the Paris Climate Accord, as well the Brexit and the ascendance of conservative parties are examples of the actions which are posing a threat to multilateralism.

Within this context, the EU and MERCOSUR had incentives to relaunch the interregional project. The EU motivation was linked to counterbalance the protectionist measures and to bet for the multilateral system of managing international relations. The EU is an international actor with normative power, which is based on the dialogue and persuasion as instruments of negotiation. Therefore, a free trade area with MERCOSUR would contribute to defending an international order based on universal values and the strength of the ideas in opposition to the unilateral initiatives.

From the MERCOSUR point of view, the incentives to celebrate the interregional accord are associated with two factors. The first one is the declining demand for MERCOSUR primary exports from China, which boosted the region to seek alternative strategies for its economic insertion in the global world. The second factor is related to the former. The new liberal governments which ruled the region were more

open to free trade and needed to send a signal to the global markets to attract investment funds. Therefore, the interregional project with the EU seemed an opportunity to concrete this economic purposes.

Within this framework, it is possible to assert that the EU and MERCOSUR established an approach compatible with the neo-institutionalist tenets. In this sense, when the conditions were favourable to negotiate an interregional project, both Parties saw it as the best option to manage the complexity of global interdependence and achieve mutual benefit according to foreseeable rules and norms.

It could be concluded that more than changes in the agency dynamics – in terms of the variations experienced by the regions – the negotiations were precipitated as a consequence of the international economic order changes. Hereto is defensible because of the sources of conflicts remained intact, since the North-South trade pattern did not experience substantial variations through the 20 years. Therefore, the negotiations were achieved because both Parties made concessions more than working on improving the conditions in the sensitive sectors of their productive structures in order to access to greater competitive advantages. For that reason, it is possible to assert that when the negotiations were relaunched in 2016, it was in response to the new international challenges.

The aforementioned considerations are a primary reason why the agreement is still pending of ratification. Although the negotiations were achieved, discrepancies around the North-South pattern persisted. Hence, in order to have the accord ratified and avoid the consequences of the open trade, both blocks need to apply active policies to reconvert the productive structures and assure competitive access in the international market for their respective sensitive areas.

As already mentioned, other elements are considered relevant to the future enforcement of the accord: the solution with the Amazon deforestation, the US presidential results in November 2020, the economic impact derived from the Covid-19 disease, the position to be adopted by the Uruguay and Argentina president's elected in 2019, and the complex institutional process for its ratification.

To conclude, the main purpose of the present Master Degree Final Thesis was to contribute to the interregional studies field within the international relations discipline. As final reflections, it is relevant to mention that interregionalism as a study object is still a complex and multiple-causes phenomenon. The research carried in the present work took as a case study a type of interregionalism named "birregionalism, old interregionalism or pure interregionalism" in which the accords are celebrated among two regional organisations.

Through the analysis of the EU-MERCOSUR particular project it was possible to study how the negotiations' evolution were shaped by the changes in the international economic order configuration of forces. Therefore, this represents a contribution within the structural or systemic studies, which are focused on interregionalism origins, analysing the globalisation and regional processes. Finally, studies regarding the international economic order changes are necessary to understand how this historical structure shapes international actors' margin of action.

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