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Revitalizing the EU-LAC Partnership

Towards a Strategic Trade Policy Based
on Shared Values

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Executive Summary

In a geopolitical context marked by renewed great-power competition and pressure on the multilateral system, the European Union and Latin America and the Caribbean have a strategic opportunity to revitalize their partnership on the basis of shared values and converging interests. EU-LAC trade relations are not purely economic, but are embedded in common commitments to democracy, human rights, the rule of law, environmental protection and social rights. Recent developments signal a willingness to overcome institutional stagnation and trade fragmentation. They include the reactivation of EU-CELAC political dialogue, the Global Gateway investment agenda, the modernization of the agreements with Mexico and Chile, and a renewed momentum towards the EU-Mercosur Agreement. To translate this momentum into a durable partnership, the bi-regional agenda should focus on three complementary policy elements: strengthening political dialogue, supporting Latin American intraregional integration, and promoting regulatory convergence.

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INTRODUCTION

The bi-regional relationship between the European Union (EU) and Latin America and the Caribbean (LAC) has experienced, over the last two decades, a gradual lag and increasing fragmentation in trade matters, which has weakened its capacity to consolidate a strategic alliance. Although during the 1990s and early 2000s the EU held a privileged position as LAC's economic and political partner, this role has diminished in the face of China's rise as the region's main trading partner and the persistent influence of the United States.¹ This loss of centrality stems not only from trade-related factors but also from broader transformations in the international order and the emergence of new power poles.

Recent assessments confirm the decline in Europe's share of regional trade, particularly in goods, where China has gained a dominant role.² Added to this is the slow pace in the modernization and ratification of trade agreements, which has hindered the EU's ability to remain competitive compared to partners that advance through more flexible instruments.

Beyond shifting trade patterns, the strategic relevance of the EU-LAC relationship must also be understood in light of the historical and ongoing influence of the US in the region. LAC have repeatedly regained geopolitical centrality within a long-standing system of continental domination, characterized by financial control, extraction of natural resources, political interference, and the combination of soft and hard power instruments aimed at preserving US influence. This reinforces the importance of diversified external partnerships and underscores the potential role of the EU as a counterbalancing actor capable of supporting greater regional agency and multilateral engagement.

Despite this trend, in the current geopolitical context of international reconfiguration and growing great-power competition, revitalizing the EU-LAC relationship gains strategic relevance due to the historical convergence around values such as democracy, human rights, respect for international law, and multilateralism.³ The 2023 EU-CELAC Summit reactivated political dialogue and promoted a joint agenda prioritizing post-pandemic recovery, food and energy security, climate change, the triple transition, the strengthening of institutional systems and democracies, human rights, and multilateralism, along with a European promise of up to €45 billion in investments through the Global Gateway.⁴ In this context, cooperation grounded in open strategic autonomy offers a way to avoid bipolar dynamics and reinforce decision-making capacities, while promoting cooperation with third countries, regional integration, and multilateralism.⁵

The central objective of this policy brief is to identify and assess concrete policy elements capable of revitalizing the EU-LAC trade relationship under current geopolitical constraints. It examines for policy elements: 1) Strengthening bi-regional policy dialogue as a basis for a more coherent trade agenda; 2) Reorient trade policy to support intraregional integration and trade in LAC; 3) Focus the bi-regional agenda on regulatory convergence and regulatory cooperation; 4) Adopt an open strategic autonomy strategy focused on diversifying partners and reducing dependencies.

EUROPEAN UNION VALUES IN QUESTION

Trade agreements are a central instrument of the European Union's external action, as they not only facilitate economic exchange and the removal of barriers, but also function as

Mexicana de Política Exterior (112): 69-87.

<https://re.sre.gob.mx/rmpe/index.php/rmpe/article/view/261/241>

⁴ Banco de Desarrollo de América Latina y el Caribe. 2023.

Relaciones América Latina y el Caribe - Unión Europea: fortaleciendo una alianza estratégica.

<https://scioteca.caf.com/bitstream/handle/123456789/2129/LAC%20UE%20MONCLOA%20ESP.pdf>

⁵ Ríos, Germán, and Érika Rodríguez. 2025. Relaciones entre la Unión Europea y América Latina y el Caribe: fortaleciendo una alianza estratégica. IE University and Fundación Carolina.

<https://www.fundacioncarolina.es/wp-content/uploads/2025/06/ESPECIAL-IE%20UNIVERSITY%20es.pdf>

¹ Suárez, Ana, and Karina Pasquariello. 2020. "Relaciones de los procesos de integración de América Latina con la Unión Europea, entre el diálogo político, los programas de cooperación y los acuerdos comerciales." Aportes para la Integración Latinoamericana 26 (43): 1-29.

<https://doi.org/10.24215/24689912e031>

² Grieger, Gisela. 2023. EU Trade with Latin America and the Caribbean: Overview and Figures. European Parliamentary Research Service.

[https://www.europarl.europa.eu/RegData/etudes/STUD/2023/751413/EPRS_STU\(2023\)751413_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2023/751413/EPRS_STU(2023)751413_EN.pdf)

³ Ruano, Lorena. 2018. "La Unión Europea y América Latina y el Caribe: breve historia de la relación birregional." Revista

mechanisms for projecting its fundamental values—including “democracy, human rights, environmental protection and social rights”, in its relations with third countries.⁶ In this sense, the EU’s trade policy is based, at least at the declarative level, on the essential values established in Article 2 of the Treaty on European Union.

The bi-regional relationship shows that, although the association agreements incorporate a political and a cooperation pillar, in many cases their development has been limited due to the clear commercial priority of the parties. In the modernization processes with Mexico, Chile and Mercosur, the core remains the liberalization of trade and investment and the assurance of reciprocal access to markets. However, the centrality of this dimension often leads to a predominantly economicistic reading of the agreements, which does not allow us to appreciate their potential scope in the face of the new challenges faced by both regions in a scenario marked by the need to expand the margins of autonomy, preserve spaces for multilateral regulation in the face of geopolitical competition from China and the United States, and to respond to an environmental crisis that requires more sustainable models of development.⁷

In this framework, the agreements are also spaces for regulatory convergence, the promotion of productive transformation and the reconstruction of the social contract, opening up new policy spaces in some areas through cooperation, including industrial development and the ecological transition. In this regard, it is relevant to consider that the EU is in an internal process of strategic redefinition—accelerated by the European Green Deal and the energy crisis resulting from the war in Ukraine—that incorporates environmental, industrial and foreign policy objectives, strengthening its regulatory power and its ability to set global

standards, although these rules may be perceived by Latin American partners as new forms of green or technological protectionism, given the existing asymmetries.⁸

Liberalization and free markets can also carry important values, including individual and corporate freedom, higher levels of wealth, and the overcoming of bipolar logics. From this perspective, strengthening trade relations between EU and LAC could contribute not only to economic growth, but also to the realization of these broader values, complementing commitments to human and social rights with the promotion of economic autonomy and opportunity.

HISTORICAL EVOLUTION OF THE EU-LAC RELATIONSHIP

The bi-regional relationship was institutionalized in 1999 with the first EU-LAC Summit in Rio de Janeiro, which established a strategic partnership grounded in shared values such as “representative democracy, the rule of law, good governance, pluralism and social development”.⁹ Throughout the 2000s, the summits held in Madrid (2002), Guadalajara (2004), Vienna (2006) and Lima (2008) broadened the agenda to include trade, social cohesion, sustainable development, and migration.¹⁰ Yet the political and economic heterogeneity within LAC, marked by divisions and divergent interests, limited progress and reduced the operational effectiveness of the dialogue.¹¹ On this basis, EU-LAC relations came to revolve around three pillars: political dialogue, development cooperation, and trade and investment. The latter being the most consolidated, while political dialogue has faced the greatest implementation challenges.¹²

The creation of the Community of Latin American and Caribbean States (CELAC) between 2010 and 2011 provided the EU with a unified interlocutor.¹³ However, its institutional

⁶ Menéndez, Cristina, Álvaro Alzina, and Gabriel Martín. 2024. Las políticas de la Unión Europea. Dirección General de Cooperación con el Estado y la Unión Europea de la Comunidad de Madrid.

https://www.comunidad.madrid/sites/default/files/doc/presidencia/dgae_las-politicas-de-la-union-europea.pdf

⁷ Bonilla, Adrián, and José Antonio Sanahuja. 2022. Unión Europea, América Latina y el Caribe: Cartografía de los Acuerdos de Asociación. Fundación EU-LAC and Fundación Carolina. <https://www.fundacioncarolina.es/wp-content/uploads/2022/11/union-europea-america-latina-y-el-caribe-cartografia-los-acuerdos-asociacion.pdf>

⁸ Bonilla and Sanahuja 2022.

⁹ Ruano 2018, 9.

¹⁰ González, Iván. 2020. “Veinte años de relaciones estratégicas de la Unión Europea con América Latina y el Caribe (1999-2019): análisis de la evolución de sus ‘tres pilares’ fundamentales.” Foro Internacional 60 (3): 1121-1167.

<https://doi.org/10.24201/fi.v60i3.2646>

¹¹ González 2020.

¹² Bonilla and Sanahuja 2022.

¹³ Gómez de Agüero, Javier, Immaculada Escartí, and Djamil Chikhi. 2025. América Latina y el Caribe: Fichas temáticas sobre la Unión Europea. Parlamento Europeo.

weakness and internal polarization, such as the inability to hold the 2017 Summit due to disagreements over Venezuela, reproduced long-standing limitations of the Rio Process.¹⁴

The 2023 EU-CELAC Summit in Brussels reactivated high-level dialogue and announced up to €45 billion in investments via the Global Gateway initiative, targeting digital transformation, green transition, and human development.¹⁵ Despite this renewed momentum, the relationship remains affected by the EU's focus on other crises including Ukraine and Gaza and by Latin America's fragmented political landscape. Consolidating the bi-regional agenda requires strengthening political dialogue, modernizing agreements, channelling cooperation into digital and green transitions, and reinforcing commitments to peace, democracy and human rights.¹⁶

CURRENT DIAGNOSIS OF EU-LAC TRADE POLICY

The current trade policy framework between the European Union and Latin America and the Caribbean is underpinned by a broad but heterogeneous set of agreements that the EU has negotiated with both individual countries and regional blocs. According to Van Klaveren,¹⁷ these relationships are structured around two main pillars: 1) the EU-LAC/CELAC interregional summits, established since 1999; 2) the association and free trade agreements, which have defined the bi-regional economic architecture for the past two decades.

In LAC, the EU has established Association Agreements with Mexico (2000) and Chile (2002), recently modernized, as well as agreements with other blocs: CARIFORUM (2008), which brings together the countries of the Caribbean Community (CARICOM) and the Dominican Republic; Andean Community (CAN) through Multiparty Agreements (2012 with Colombia and Peru, 2017 with Ecuador); Central America (2012),

including Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama; and the EU-Mercosur Agreement, whose negotiation was politically concluded in 2019 but is still pending ratification.¹⁸ This network of instruments reflects a close relationship that encompasses trade, political dialogue and international cooperation dimensions.

Mexico: The Global Agreement, formally called the Economic Partnership, Political Coordination and Cooperation Agreement, was signed in 2000 and was the EU's first trade pact with Latin America and established a framework for political cooperation, something unusual in Mexican agreements with other partners. However, over time it lagged behind more modern regulatory areas, especially in digital trade, data protection, sustainability and agricultural openness. The modernization of the agreement, which began in 2016, faced delays due to factors such as the priority given by Mexico to the Agreement with the United States and Canada (USMCA), the COVID-19 pandemic and the geopolitical reconfiguration derived from the war in Ukraine. Finally, the negotiations concluded on January 17, 2025.¹⁹

Chile: The trade relationship with the European Union has undergone a profound update with the entry into force, on 1 February 2025, of the Interim Trade Agreement, which replaces the Association Agreement signed in 2002 and in force since 2005. This modernized agreement is the result of a negotiation process initiated in November 2017 and concluded in December 2022, whose purpose was to broaden and deepen the trade pillar to adapt it to changes in the global geopolitical and economic context.²⁰ The new framework is made up of two legal instruments: the Advanced Framework Agreement (AFA), which includes the political and cooperation pillar, and the trade and investment pillar, subject to ratification by all EU Member States, and the Interim Trade Agreement (ITA), which

¹⁸ Van Klaveren 2023.

¹⁹ Baker, Juan, Antoni Estevadeordal, and Ernesto Talvi. 2025. El nuevo acuerdo UE-México: la UE acelera a fondo la integración con América Latina. Real Instituto Elcano.

<https://www.realinstitutoelcano.org/analisis/el-nuevo-acuerdo-ue-mexico-la-ue-acelera-a-fondo-la-integracion-con-america-latina>

²⁰ Ministerio de Economía, Comercio y Empresa de España.

2025. Política Comercial de la Unión Europea: Chile.

<https://comercio.gob.es/PoliticaComercialUE/AcuerdosComerciales/Paginas/Chile.aspx>

<https://www.europarl.europa.eu/factsheets/es/sheet/176/america-latina-y-el-caribe>

¹⁴ Ruano 2018.

¹⁵ Banco de Desarrollo de América Latina y el Caribe 2023, 4.

¹⁶ Ríos and Rodríguez 2025.

¹⁷ Van Klaveren, Alberto. 2023. "Las relaciones birregionales entre Europa y América Latina y el Caribe." In *Hacia una relación renovada entre la Unión Europea y América Latina y el Caribe*, edited by Secretaría General Iberoamericana, 14-21. Pensamiento Iberoamericano. <https://segib.org/es/hacia-una-relacion-renovada-entre-la-union-europea-y-america-latina-y-caribe-nuevo-numero-de-la-revista-pensamiento-iberoamericano>

covers the parts of the trade and investment pillar under the exclusive competence of the EU. This agreement will expire as soon as the AFA enters into force.²¹

Mercosur: The EU-Mercosur Agreement, whose negotiations began in 1999 and reached a political understanding in 2019, has faced a prolonged stalemate in the ratification process. The process was particularly slowed down by tensions arising from the environmental policy of Jair Bolsonaro's government, marked by the increase in deforestation and fires in the Amazon, which led the European Parliament to argue that the agreement could not be ratified in its state.²² This concern was shared by Member States with strong agricultural and livestock interests, which expressed doubts about the possible environmental effects and unfair competition that their products could face.²³ The election of Lula da Silva in Brazil in 2022 allowed negotiations to be reactivated, and in December 2024 the political decision was made to finalize the agreement. Once the legal-technical review and translation have been completed, the text must be submitted for approval by the Council, and subsequently, by the European Parliament.²⁴

Overall, the bi-regional trade policy between the EU and LAC is developed in a context marked by asymmetries, heterogeneity and internal divisions in the Latin American region, as pointed out by various authors. From the European perspective, there is also a mistrust regarding the possibility of agreeing common positions with so many Latin American countries at the same time, due to the absence of effective regional coordination mechanisms in LAC. As a result, the EU has chosen to negotiate agreements differentiated by countries or subregional groupings, which in practice contributes to reinforcing the existing divisions on the continent, which is the weight of the European discourse of support for Latin American integration.²⁵

GEOPOLITICAL AND COMMERCIAL CHALLENGES

Since the mid-1990s, the EU's market share in trade with LAC has fallen significantly, from 24.8% in 1990 to 13.7% in 2011.²⁶ This decline is due to a combination of geopolitical transformations, as well as the effects of the 2008 financial

crisis. Among the factors that explain this change are: 1) the rise of emerging markets, in particular China, and its growing role as a new player in the region to the detriment of traditional partners; 2) the creation in 2011 of the Pacific Alliance, made up of Chile, Colombia, Mexico and Peru, with a marked interest in linking to Asian markets; 3) the growing relevance of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which includes Chile, Mexico and Peru, and which Costa Rica, Ecuador and Uruguay have requested to join between 2021 and 2022; 4) the enlargements of the EU, which, by increasing their diversity, highlighted the low level of commitment of the new Member States to LAC; 5) ideological fragmentation in Latin America and its regional organizations, weakening subregional integration and stability; 6) the economic crises in the European Union; 7) a decade of low economic growth in LAC, with consequences such as increased poverty, weak domestic demand, and a lower capacity to attract foreign direct investment.²⁷

OPPORTUNITIES FOR THE BI-REGIONAL ASSOCIATION

Despite the tensions and fragmentation that characterize trade policy between the European Union and Latin America and the Caribbean, the current scenario offers favourable conditions for revitalizing the bi-regional partnership through renewed instruments and a shared vision of sustainable development. The opportunities are concentrated in four interconnected areas: the modernization of trade agreements, the ratification of the EU-Mercosur agreement, the implementation of the Global Gateway investment agenda, and the strengthening of Latin American interregional trade.

First, the modernization of the agreements with Mexico and Chile constitutes a strategic opportunity to adapt cooperation frameworks to contemporary challenges.

Mexico: The update of the Global Agreement provides that 99% of the products exchanged will be free of tariffs, benefiting both the agricultural and industrial sectors through

²¹ Comisión Europea. 2025. Acuerdo comercial interino UE-Chile. Access2Markets. <https://trade.ec.europa.eu/access-to-markets/es/content/acuerdo-comercial-interino-ue-chile>

²² Suárez and Pasquariello 2020.

²³ Bonilla and Sanahuja 2022; Suárez and Pasquariello 2020.

²⁴ Gómez de Agüero et al. 2025.

²⁵ González 2020.

²⁶ Grieger 2023, 4.

²⁷ Grieger 2023.

tariff reductions and greater customs facilitation.²⁸ The agreement incorporates advances in rules of origin and regulatory recognition in the automotive sector, as well as outstanding results in services, including financial, postal, telecommunications, transport and environmental services. In terms of investment, Mexico adopts the European approach through the acceptance of the Investment Court System (ICS). Likewise, the chapter on Trade and Sustainable Development establishes binding commitments on environmental protection, the fight against climate change and labour rights, in addition to integrating specific clauses to combat corruption in the public and private sectors.²⁹ Beyond these advances, the relationship with Mexico offers additional opportunities: for the EU, the country is not only a dynamic market, but also a strategic platform to access the North American economic space through the USMCA. The new agreement also creates favourable conditions to attract European investment in sectors such as advanced manufacturing, renewable energies and higher value-added activities, in a context in which both actors seek to diversify their alliances in the face of a more protectionist global environment. Likewise, the consolidated business relations between Mexico and European partners such as Spain, Germany and France offer a solid basis for deepening industrial and technological cooperation, reinforcing the strategic dimension of the bi-regional partnership.³⁰

Chile: The modernized agreement introduces substantive improvements over the previous framework, including the liberalization of 99.9% of EU exports to Chile, the protection of 216 European geographical indications, and greater access to clean raw materials and fuels such as lithium, copper, and hydrogen.³¹ The agreement also facilitates the provision of services by European companies, ensures equal treatment for investors on both sides and increases opportunities for participation in public procurement. In addition, it incorporates chapters dedicated to SMEs, trade and sustainable development, trade and gender, as well as sustainable food systems. It also broadens political dialogue

and integrates provisions on democratic principles, human rights, and the rule of law, along with a renewed emphasis on science, technology, research, and innovation.³²

Second, the understanding in principle between the EU and Mercosur, still pending ratification, incorporates a set of trade concessions that would redefine the bi-regional economic framework.

Mercosur: The EU would gain advantages in the industrial and service sectors, as well as in certain agricultural products, while Mercosur would improve its access to the European market for its agricultural exports. The text establishes differentiated tariff reduction schedules to reflect the asymmetries between the two partners: Mercosur would liberalize 91% of imports from the EU within 10 years, with longer periods for sensitive sectors such as the automotive, chemical and pharmaceutical sectors; for its part, the EU would eliminate tariffs on 92% in 10 years and on 95% in 15 years. In the agricultural field, Mercosur would eliminate tariffs on 95% of European agri-food imports, while the EU would do so with 82%, maintaining quotas for the most sensitive products and a broad recognition of geographical indications.³³ In addition, the Sustainability Impact Assessment presented by the European Commission estimates that the entry into force of the instrument could raise GDP by 0.1% in the EU and 0.3% in Mercosur by 2032.³⁴ If ratified, the trade pillar would become the EU's broadest agreement in terms of population covered and would generate tariff gains estimated at more than €4 billion, further strengthening Europe's geopolitical position in LAC through an almost complete network of trade agreements in the region.³⁵

Third, the Global Gateway strategy provides a significant basis for deepening the bi-regional partnership between the EU and LAC through a broad set of investments aimed at digital transformation, green transition and human development.

Global Gateway: The EU will mobilize up to €45 billion by 2027 to support initiatives covering inclusive and secure connectivity, the 4.0 digitalization of production processes, the

²⁸ Ministerio de Economía, Comercio y Empresa de España. 2025. Política Comercial de la Unión Europea: México. <https://comercio.gob.es/PoliticaComercialUE/AcuerdosComerciales/Paginas/Mexico.aspx>

²⁹ Ministerio de Economía, Comercio y Empresa de España. 2025.

³⁰ Baker et al. 2025.

³¹ Ministerio de Economía, Comercio y Empresa de España. 2025. Política Comercial de la Unión Europea: Chile. <https://comercio.gob.es/PoliticaComercialUE/AcuerdosComerciales/Paginas/Chile.aspx>

³² Ministerio de Economía, Comercio y Empresa de España 2025.

³³ Bonilla and Sanahuja 2022, 282-283.

³⁴ Bonilla and Sanahuja 2022, 283.

³⁵ Grieger 2023, 32.

strengthening of agile and connected states through training in digital skills, and the development of smart and ethical digital regulation.³⁶ In the climate and energy field, opportunities are opening up in the electrification of transport, the production of green hydrogen and the expansion of renewable energies. These areas, together with mechanisms such as debt-for-climate action swaps, make it possible to articulate joint projects that contribute to sustainable development, economic modernization, and institutional strengthening in the region.³⁷

Finally, the deepening of intraregional trade is a necessary condition for LAC to achieve economic development.

Intraregional trade: Although historically the share of this exchange was around 20% of total exports, since 2008 it has decreased to around 14% in 2021, despite being the main destination for Latin American manufactures, SME exports and a significant proportion of services.³⁸ Its weakening limits productive diversification, industrialization and insertion in value chains, crucial factors to overcome the persistent reprimarization of the export basket and the low incorporation of technology. Hence, strengthening it is essential to scale up technologically, increase regional value added, and reduce external vulnerability, especially in a context of geopolitical tensions, deterioration of the multilateral system, and high concentration of exports in raw materials.³⁹ This diagnosis is reinforced by the evidence that between 70% and 80% of Latin American medium and high-tech manufacturing is directed to the region itself.⁴⁰ For this reason, any serious effort at reindustrialization must prioritize access to an expanded and better articulated market, which also favours SMEs as it is the space where they find fewer barriers and greater opportunities for insertion. From this perspective, the consolidation of trade agreements between LAC and the EU could contribute to a

more integrated and equitable regional market, diversifying the export base and its suppliers.⁴¹ In turn, bi-regional agreements not only eliminate tariffs, but also build common regulatory frameworks based on shared values such as sustainable development, human rights and the rule of law. For the EU, this network of agreements reduces its dependence on China and Russia by securing strategic raw materials for the green transition; for LAC, it opens a third market of large scale and sophistication that allows diversifying its international insertion and participating in value chains with greater technological content. By moving towards interoperability and regulatory convergence between the multiple EU-LAC agreements, an integrated economic area of more than 1,100 million people could be configured, with a GDP comparable to that of the United States. This would increase bi-regional trade by up to 70% and intra-LAC trade by up to 38%.⁴²

In this context, the IV CELAC-EU Summit, which was held in Santa Marta (Colombia) in November 2025, constitutes a strategic opportunity to translate political dialogue into tangible results. This high-level meeting, which brought together the heads of state and government of both regions, consolidated a 2025-2027 cooperation roadmap focused on the triple energy, digital and environmental transition, as well as health self-sufficiency, sustainable agriculture, food security and gender equity.⁴³

POLICY ELEMENTS

Based on the above diagnosis and considering both the opportunities and the structural limitations of the bi-regional relationship, four major policy elements can be identified to reorient the EU-LAC agenda towards a more coherent, strategic framework in line with the transformations of the

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<https://www.fundacioncarolina.es/catalogo/economia-y-geopolitica-de-america-latina-la-urgencia-de-estrechar-vinculos-con-la-union-europea>

⁴¹ Rosales 2020.

⁴² Baker et al. 2025.

⁴³ Cancillería de Colombia. 2025. IV Cumbre CELAC-UE: una oportunidad estratégica para traducir el diálogo político en resultados concretos. <https://www.cancilleria.gov.co/newsroom/news/iv-cumbre-celac-ue-oportunidad-estrategica-traducir-dialogo-politico-resultados>

³⁶ Banco de Desarrollo de América Latina y el Caribe 2023, 4-7.

³⁷ Banco de Desarrollo de América Latina y el Caribe 2023.

³⁸ Inoue, Kaoru. 2023. "Economía y comercio." In *Hacia una relación renovada entre la Unión Europea y América Latina y el Caribe*, edited by Secretaría General Iberoamericana, 26-34.

Pensamiento Iberoamericano. <https://segib.org/es/hacia-una-relacion-renovada-entre-la-union-europea-y-america-latina-y-el-caribe-nuevo-numero-de-la-revista-pensamiento-iberoamericano>

³⁹ Inoue 2023.

⁴⁰ Rosales, Osvaldo. 2020. *Economía y geopolítica en América Latina: la urgencia de estrechar vínculos con la Unión Europea*.

global order. Each of these options responds to different challenges, but they constitute complementary paths that both regions could articulate progressively.

Policy Element 1: Strengthen bi-regional policy dialogue as a basis for a more coherent trade agenda

The stagnation of the EU-LAC relationship stems in part from the weakening of political dialogue, affected by regional fragmentation in LAC, CELAC's limited institutional framework and the EU's external priorities, concentrated in other international crises. It is evident that, without a consistent political dialogue, the bi-regional architecture loses its capacity to articulate common positions, update the strategic agenda and coordinate responses to shared challenges. Likewise, with regard to association agreements, the implementation of the political pillars has been weak in the face of the commercial emphasis. On this basis, strengthening political dialogue is essential to rebuild a coherent relationship, avoid dispersion of priorities, improve coordination and provide a robust institutional underpinning.

Policy Element 2: Reorient trade policy to support intraregional integration and trade in LAC

Latin American intraregional trade has progressively weakened, despite being the main destination for manufactures, SMEs and regional services, which limits productive diversification, industrialization and insertion in more technological value chains. Strengthening the expanded regional market is therefore essential to boost reindustrialization, raise value added, and reduce external vulnerabilities. In this framework, EU-LAC agreements can contribute to a more integrated, equitable and regulated environment, and reorient bi-regional trade policy towards explicit support for Latin American integration. This would make it possible to correct structural asymmetries, prevent the EU from deepening fragmentation through differentiated agreements, and align cooperation and investment with the need to consolidate a more cohesive regional market.

Policy Element 3: Focus the bi-regional agenda on regulatory convergence and regulatory cooperation

EU-LAC agreements not only fulfil trade functions, but also establish common regulatory frameworks based on shared values and create policy spaces for productive transformation, ecological transition and institutional strengthening. In the face of international competition and the risk of new protectionism, the EU is strengthening its regulatory power and promoting global standards through its external action. In

this context, moving towards bi-regional regulatory convergence would reduce non-tariff barriers, facilitate interoperability between existing agreements, expand LAC's participation in value chains, and consolidate a regulated economic space that boosts bi-regional and intra-regional trade. Regulatory cooperation is also key to accompanying the digital and green transitions, promoting institutional modernization and strengthening the capacity of both regions to project standards in the multilateral arena.

POLICY RECOMMENDATION

Drawing these elements together, it seems essential for the European Union and Latin America and the Caribbean to articulate a strategic roadmap that will allow the renewed political dialogue to be translated into operational mechanisms, concrete projects and sustainable governance structures. To do this, it is necessary to order actions according to time and level of ambition, moving from immediate initiatives to more complex processes.

In this context, short, medium and long-term proposals are put forward that involve state, regional and supranational actors, as well as the private sector and civil society, in order to finance, implement and legitimize a coherent bi-regional agenda, oriented towards integration, sustainability and open strategic autonomy. These actions seek not only to strengthen the EU-LAC institutional architecture, but also to build foundations for a far-reaching structural partnership.

- In the short term, it is essential to stabilize the EU-CELAC political dialogue through post-summit follow-up mechanisms and the institutionalization of regular high-level meetings. This process should involve the Ministries of Foreign Affairs of EU and LAC countries, the European Commission, the European External Action Service (EEAS), as well as CELAC as the main regional interlocutor. In parallel, the governments of the EU, Chile, Mexico and their national parliaments should coordinate with the European Commission to align the implementation of the modernized agreements with shared priorities. Likewise, the consolidation of the ratification of the EU-Mercosur Agreement requires the active participation of the European Council, the European Parliament, the governments and legislative powers of the four Mercosur countries, together with key actors such as business organizations and civil

society, integrating this agreement into a broader vision of Latin American regional integration.

- In the medium term, the EU, in coordination with regional bodies and subregional mechanisms, should promote a European programme to support Latin American intraregional trade. This program would focus on facilitating regional value chains, harmonizing technical standards, strengthening exporting SMEs, and promoting shared logistics infrastructure, with the support of chambers of commerce, national export agencies, and business platforms.
- In the long term, the main challenge is to build a bi-regional framework of regulatory convergence that harmonizes or interoperates existing agreements between the EU and LAC countries and blocs. This effort will require the participation of the European Commission, the EEAS, Ministries of Trade and Economy of Latin American countries, regional mechanisms, as well as regulatory agencies and bodies and research centers. This process could progressively lead to the creation of a partially integrated EU-LAC Economic Area, based on the regulatory and trade interoperability of all existing agreements. This space would be underpinned by stable bi-regional governance, institutionalized mechanisms for regulatory cooperation, active participation of the private sector, civil society and sub-state actors, and would ultimately aim to strengthen shared value chains, open strategic autonomy and economic and regulatory resilience of both regions.

a window of opportunity to transform the relationship into a long-range structural project.

However, realizing this potential requires overcoming persistent obstacles, such as Latin American fragmentation, the limited institutionalization of bi-regional dialogue, and the prevalence of a predominantly economicistic vision of the agreements. To this end, cooperation must be oriented towards three strategic objectives: strengthening political dialogue as the basis of a coherent agenda; promoting intraregional integration and trade in LAC as a basis for more robust insertion; and moving towards regulatory convergence that allows for the configuration of a bi-regional economic space with greater global regulatory capacity.

If both regions manage to articulate a common agenda based on open strategic autonomy, they will be able to diversify alliances, reduce dependencies, promote productive transformation, and consolidate a sustainable partnership model. In this sense, the EU-LAC relationship can not only be revitalized but also projected as a global strategic alliance with the capacity to have an impact on international governance and contribute to the construction of a fairer order.

CONCLUSION

The partnership between the European Union and Latin America and the Caribbean is at a decisive juncture to consolidate itself as a strategic alliance capable of responding to the challenges of the twenty-first century. Far from being limited to a trade relationship, the bi-regional link can become a comprehensive framework that articulates shared values with converging geopolitical and economic interests. The reactivation of political dialogue, the modernization of key agreements, the possible ratification of the EU-Mercosur Agreement and the Global Gateway investment agenda offer

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