



## LINKING LATIN AMERICA: THE NETHERLANDS AND THE EUROPEAN UNION IN A SHIFTING CONTEXT

25 OCTOBER 2021, THE HAGUE

### THE DISCUSSION

On the 25th of October, a group of Dutch organizations ([CNV Internationaal](#), [NIMD](#), [PAX](#), [Free Press Unlimited](#), [Both ENDS](#), [Impunity Watch](#), [CEDLA](#), Steungroep Nicaragua) have organized a debate program on current developments in Latin America and the geopolitical impact of China, the US and Europe and the role of the Netherlands.

#### Introduction

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

United States' interests in Latin America, apart from trade and investments, have always been influenced by geopolitics and security: cold war politics, the war on drugs and migration issues, for example. China's interest is primarily driven by a need for raw materials<sup>1</sup> to sustain its growing economy and global infrastructural ambitions (the so-called Belt-and-Road initiative). China is already the main trading partner of large Latin American resource-rich economies like Brazil, Chile and Peru<sup>2</sup>. Its agenda in Latin America is aimed mainly at ensuring unbridled trade and resource extraction<sup>3</sup>, but because these are highly political issues, China is becoming a political player.

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

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

The upscaling of extractive industries has far-reaching consequences in resource-rich areas: the environment and the rights of local (ethnic) communities are grossly disregarded and conflicts around mining and oil sites tend to rise. Another concern are the labour conditions of those working in extractive industries. On a more general level, unbridled extraction will exacerbate the region's extreme levels of socio-economic inequality between those who profit and those who suffer the consequences of this economic policy. Considering the vested political interests, the creeping 'state capture' and the current authoritarian tendencies of various Latin American governments (both left and right), repression against those who denounce these issues is already on the rise, as has been apparent in

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

<sup>2</sup> China's trade with Latin America and the Caribbean (LAC) grew 26 times from \$12 billion to \$315 billion between 2000 and 2020. Trade between LAC and China is expected to more than double by 2035: over \$700 billion.

<sup>3</sup> Countries that strengthen ties with China, for example, are expected to break ties with Taiwan, which is, according to Beijing, a Chinese province.

the recent violent repression of large-scale protests in Colombia and Nicaragua. Latin America, already one of the most dangerous regions for environmental activists, journalists and trade union leaders, is likely to deteriorate in terms of democratic guarantees and citizenship rights.

Taking these dynamics into account from the Dutch perspective, a question that rises is: What role could/should **the Netherlands and Europe** play in present-day Latin America? Politically, Latin America has been low on Europe's and the Netherlands' priority list<sup>4</sup>, but the region remains an important trading partner (to Europe) and has long been regarded as a place of opportunity for secure and responsible investments. However, the fundamental conditions for responsible trade are currently under pressure, in part because of the European Union's lack of compliance with its commitments towards sustainable trade and partly due to the growing presence of players like China in trade with Latin America.

A central discussion at the seminar on 25 October was about the Dutch and European Union role in Latin America: the Netherlands and the European Union need to have a clear policy and strategy for Latin America, specifically with regards to democracy, rule of law, responsible trade, and human rights.

During the plenary session, key note speaker Barbara Hogenboom (CEDLA/UvA) discussed the Chinese influence in Latin America, while Carlos Dada (El Faro) focused more on the importance to uphold democratic values and the role of the European Union and the United States in this matter. The presentations of both keynote speakers were complemented by two Dutch Members of Parliament: Ruben Brekelmans of the VVD and Jorien Wuite of D66.

Dada states that democratic principles lie at the core of the European Union values, which has found a strong foundation in Latin America. However, attacks on democracy and the press are currently increasing in the Latin American countries. Research shows a growing trend where Latin American countries are forming relations with China and Russia, countries that are considered to rarely take account of universal democratic, human and labour rights principles in their endeavours. Latin America is also in the middle of increasing geopolitical tensions between China and the United States. Hence, Europe and Latin America should strengthen their relationship, thereby not neglecting values of democracy, human rights and environmental protection.

With parts of the Kingdom of the Netherlands in close proximity to the main Latin American continent, both have a mutual interest in emphasising shared values of democracy and human rights. The Netherlands gets substantial amounts of palm oil from Latin America, for example, and is an important trading partner. With this, Hogenboom describes how the Netherlands is linked to Latin America in more ways than is generally recognised. Nevertheless, after the United States, China is the largest investor in Latin America<sup>5</sup>, but China does not appear as a major Foreign Direct Investment source because most of the investments flow through third countries. For example, it has been estimated that in 2016, 80% of Chinese investments flowed through third countries, mainly Luxembourg and the Netherlands, to Brazil<sup>6</sup>. With this in mind, the Netherlands has an indirect role to play to make positive changes, for instance through Corporate Social Responsibility. In order for cultural and economic partnerships to grow and to work jointly on the Sustainable Development Goals (SDGs), it is important to be partners in upholding democratic values and human and labour rights.

### **Discussion between the keynote speakers, Dutch Members of Parliament and the audience**

According to Ruben Brekelmans, there are so many (global) issues parliament needs to discuss; nevertheless, Latin America needs to be put high up on their agenda. The reality is: if we want to maintain economic relations with Latin America and improve environmental and labour standards but set the bar too high, Latin America may look into other partnerships (such as with China), which will reduce European/Dutch influence in the region. Thus, when engaging in economic relations, the European Union/Netherlands might need to lower their standards to have any relationship with Latin America at all. However, according to Barbara Hogenboom, downplaying standards to maintain influence is the wrong strategy. There exists a mutual political and social interest to build on the democratic values that were once very strong in Latin America. Carlos Dada argues that the discussions

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<sup>4</sup> The Netherlands closed several diplomatic posts and reduced development relationship with numerous countries since the beginning of this century. Furthermore, Dutch media, the academic world and Dutch policy makers pay less attention.

<sup>5</sup> Source: ECLAC (2020). Foreign Direct Investment in Latin America and the Caribbean 2020. ECLAC, p.41.

<sup>6</sup> Central Bank of Brazil, 2018.

have very much shifted to talking only about the economy and economic effects. However, the situation in Latin America is not just a question of economics or lending a hand: it is a matter of values and co-responsibility.

The audience points out that talking about high European Union standards versus lower Chinese standards negates Latin America's capacity to negotiate relations themselves with other parties and make own decisions. People should be seen as sovereigns, and the discussion should also include how Latin American countries negotiate and navigate the relations. In addition, it may be time to live up to precisely what European trade agreements — agreements to promote sustainable trade with regards to human rights and the environment — have always promised to be, according to trade union CNV Internationaal. After all, there is no point in trying to outsmart Chinese competition on its own turf. It would be better to promote sustainable trade through European trade agreements that also create added value in the Latin American countries; i.e. decent work and the production of sustainable products and services as an alternative to the one-sided export of raw materials that China is primarily interested in.

Jorien Wuite also sees the urgency in focusing on shared values and democratic principles, not just on economics. She particularly emphasises the role of the Dutch Caribbean Islands as partners of South American countries in, for example, providing journalists protection and strengthening investigative journalism. The audience points out that a strong civil society is the best way to fight impunity and corruption, and the Latin American civil society should be supported with resources and political allies.

## **Going further in three breakout sessions**

To go deeper into various topics, there were three breakout sessions: i) trade, natural resources and human rights; ii) civic space and democratic contention; iii) democracy and rule of law.

### **1. Trade, natural resources and human rights**

In order for the Netherlands and Latin America to comply with the SDGs, it is not possible to water down standards in relation to environment, human and labour rights in order to better compete with China. It is better to focus on real compliance with the sustainability chapters of the trade agreement so that the trade agreement with the European Union actually creates better jobs and economically sustainable growth based on home-grown production and industry.

Mario Valencia (Cedetrabajo) states that since the beginning of the Free Trade Agreement (FTA) between Colombia and the European Union, the agreements made have been beneficial to European companies instead of the Colombian people. In six years, Colombia's trade deficit has grown exponentially. The priority has been making profits for the multinationals, hidden under a discourse on human rights and environmental concerns. In light of the global energy transition, the European Union is undoubtedly evaluating the effects on its companies and population. However, corresponding assessments need to be made on what the decrease in coal and petroleum exports means for Colombia and its workers and families. Consequently, the energy transition requires a process of product diversification in Colombia. The FTA with the European Union has become an obstacle to achieve such diversification. As such, the FTA with the European Union needs to be renegotiated, also to increase the environmental and work standards for multinationals extracting resources from Colombia.

Furthermore, as part of a just transition to a sustainable energy future, Joseph Wilde (SOMO) states that when companies disengage from a coal mine, they should not only remediate past human rights violations, but also address new impacts that arise from their disengagement. This includes contributing to finding new livelihoods and engaging in dialogue with key stakeholders, including trade unions, local communities, civil society organisations and local governments<sup>7</sup>.

Not only the Andean countries would benefit from a renegotiation of the FTA with the European Union; Sara Murawski (Handel Anders) argued that the agreement between the European Union and the Mercosur countries should be redefined as it is incompatible with international climate objectives and forms a threat to local

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<sup>7</sup> <https://www.somo.nl/responsible-disengagement-from-coal-as-part-of-a-just-transition/>

communities, workers, democracy, and economic development of the Mercosur countries. A more inclusive form of international cooperation and trade should be developed where the rights of Indigenous peoples, workers, environment and climate are given more importance than the interests of multinationals<sup>8</sup>.

## 2. Civic space and democratic contention

The current tendency towards more autocratic leaders, large-scale protests and violent repression in several Latin American countries is alarming. Furthermore, unbridled extraction will exacerbate inequality, environmental issues and discontent among the population.

In El Salvador, people showed their disappointment with the lack of improvements made in the areas of employment, security, education and health, by voting for an autocratic leader. Juan Melendez (NIMD El Salvador) states this is not a vote against democracy; people are critical about the lack of progress<sup>9</sup>.

The international community should be critical of the increasingly limited space for journalists to work and for the expression of opinions (i.e. shrinking space)<sup>10</sup>, also if this seems to cause some positive outcomes in the short run. The peace process in Colombia is an example how a peace agreement and democracy on paper is not enough. The protests in Colombia show that people want an inclusive democracy; they want to be involved in the decision-making process and ask for more rights and liberties beyond the right to vote. Dutch policy should include support for democratic reform processes to ensure inclusive democracy. This includes support during peace negotiations as well as for an extended period thereafter.

The democratic decline in Nicaragua has (had) a severe effect on economic growth. However, as discussed by Enrique Gasteazoro (news outlet Confidencial), a number of countries, such as Costa Rica, show that trade and democracy can go hand in hand and mutually reinforce each other. In the end, corruption and lack of rule of law wanes economic development and investments. The European Union and the Netherlands should recognise the importance of this.

Angela Rodriguez (NIMD Colombia) and Milton Puertas (Citizens Diplomacy) add emphasis to the conditions for democracy: in order for politicians to regain trust, the system must change and ensure that new parties and new people can take part in decision making. At this moment, it is very hard to enter politics as an outsider. However, the only ones that can change the system are the people currently in power.

Enrique Gasteazoro also indicates that for democracy to function, a country needs a critical citizenry. For him this means looking at the educational system; people learn to become independent thinkers and appreciate democratic values such as transparency, accountability and investigative journalism. He goes further in saying that journalists themselves should also be accountable towards the public and engage with the public in a different way.

The international community should condemn harassment of human rights defenders, political opponents and journalists, and pay special attention to the way female activists and politicians are treated. Moreover, they should support investigative journalism and provide support to civil society networks and platforms.

## 3. Democracy and rule of law

The session on the eradication of the rule of law in Latin America involving Claudia Escobar (Terrorism, Transnational Crime and Corruption Center of the George Mason University), Mariana Vahlis (NIMD Venezuela), Dutch scholars Kees Koonings (Utrecht University) and Julienne Weegels (University of Amsterdam) and discussion with the audience resulted in the following recommendations.

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<sup>8</sup> <https://handelanders.nl/wp-content/uploads/2021/10/nieuwe-publicatie-over-het-EU-Mercosur-handelsverdrag.pdf>. English publication can be found here towards the end of 2021: <https://handelanders.nl/>

<sup>9</sup> <https://nimd.org/el-salvador-we-need-this-broken-moment-to-think-about-democracy/>

<sup>10</sup> <https://nimd.org/how-to-prevent-shrinking-democratic-space-a-study/>  
<https://nimd.org/covid-19-emergency-responses-and-protecting-democratic-space/>

As a result of crime, violence and corruption promoted by alliances of politicians, criminals and business elites, many Latin American countries are becoming more lawless and authoritarian. The processes of dismantling of the rule of law take place at an ever quicker pace: it took Venezuela 20 years while El Salvador is turning into a dictatorship in just a few years. Europe has failed to pick up on early warning signs – but it is not too late to stop the tide. Europe and the Netherlands should consider different forms of supporting the rule of law, including increased support for remaining independent institutions and human rights defenders, as well as sanctions, in coordination with the United States and implemented in a way to harm those responsible for crime and corruption instead of the already suffering population.

The Netherlands has long supported anti-corruption efforts in Central America. But when you fight corruption, it fights back, targeting those at the forefront of such struggles: justice operators, human rights activists and journalists<sup>11</sup>. Dutch foreign policy must protect them and support civil society organisations in the country for their crucial watchdog function and role as key allies in the region.

The Netherlands should not consider Latin American as a region of little relevance to Dutch foreign policy. Not only does drug trafficking from the region, facilitated by the increasing lawlessness, affect Europe through crime, but the Netherlands is also an increasingly important market, money laundering and transit zone for those drugs, thanks to the demand from the Dutch and European population. Europe and Latin America are more entangled with each other than is generally recognised, and Dutch foreign policy must respond to this.

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<sup>11</sup> <https://www.opendemocracy.net/en/democraciaabierta/guatemala-rule-of-law-undermined-en/>