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City-regions and their role in the Euro-Latin American relations

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This paper argues that a new agenda for the relations between the European Union (EU) and Latin America and the Caribbean (LAC) is necessary, and that city regions can play an important role in it. Due to the shortcomings of the previous inter-regional strategy and the futile discussion if Latin America follows the European integration model, this new agenda should focus more on triangular and decentralized forms of cooperation aid, trade issues, and the knowledge transfer of poverty- and polarization-reduction strategies. Based on the foreign policy approaches of two Colombian case studies (the city-regions of Barranquilla and Medellin), it is shown that the international activities of Latin American city-regions can open new perspectives for EU–LAC relations.

Keywords: European Union; Latin America; sub-national foreign policy; Colombia

Introduction

Many city-regions in Latin American countries have developed foreign policy approaches distinct from national approaches, mainly to position themselves better to compete globally for foreign direct investment (FDI). This article analyzes whether these activities also have the potential to contribute to new kinds of political relations between the European Union (EU) and Latin America and the Caribbean (LAC), combining perspectives from international relations and regional studies. Using two Colombian cases, the paper explores how city-regions' international activities may influence EU–LAC relations. These data were critically analyzed in order to reveal the potentials and limits of Latin American city-regions in EU–LAC relations.

There are two main findings. Firstly, EU–LAC relations require renewal: the traditional model, assuming the EU's integration model can seamlessly be transferred to Latin America, lacks contemporary salience. Secondly, city-regions' novel approaches to encouraging FDI, cooperation aid and poverty/inequality-reduction strategies offer new possibilities for such a renewed approach to EU–LAC relations. Each case study represents a distinct possibility for future relations: one city-region focuses on commercial relations and puts free trade at the forefront of EU–LAC relations, whilst the other city-region uses a more integrated approach, also incorporating social aspects. This implies that further political discussions between the EU and in LAC are necessary to decide which perspectives should be the leitmotiv for future EU–LAC relations.

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Beyond inter-regionalism: why renewing EU–LAC relations is necessary

Since the EU launched its first Latin America strategy in 1994, the relationship between the EU and LAC was based on the notion that cultural and political proximity between the two continents meant that the EU could serve as a model for regional integration and a close partner for LAC (Quevedo, 2012). The EU perceived Latin America as a possible mirror for repeating European experiences of political and economic regional integration (Sanahuja, 2006). Monetary integration, cohesion policy, agricultural policy and establishing supranational institutions represented the core of the European integration process which was regarded as a model for Latin American integration.

This was implemented via cooperation between supranational entities like the EU, and its Latin American counterparts, namely:

- Mercosur (Mercado Común del Sur, a regional custom union consisting of Brazil, Argentina, Uruguay, Paraguay and Venezuela).
- The Andean Community (Colombia, Peru, Ecuador and Bolivia).

Interregional relations were strengthened through actions including an announced strategic partnership, biannual political summits of European and Latin American head of states, and opening negotiations on EU–LAC free trade agreements (FTAs). This approach and its new relationship was based on a traditional North–South paradigm¹ strongly focused on EU cooperation aid towards LAC.

Despite exhaustive enthusiastic rhetoric on both sides of the Atlantic announcing this interregional strategy's mutual importance and the cultural and political proximity between the two continents, there have been few tangible results to report (Maihold, 2013). Even after several years of negotiation between the EU and MERCOSUR, it is unlikely that any FTA will be signed (Gratius, 2013).

The idea that the EU could serve as a blueprint for Latin American regional integration proved to be far from political reality, given LAC's different understandings of state sovereignty, fragmented geographies and unresolved territorial conflicts (Roy, 2013). Furthermore, LAC integration concentrated mainly on intergovernmental cooperation rather than on establishing supranational institutions (Birle, 2009). Gratius (2013, p. 2) summarizes it thus:

‘the current logic of relations, based on the North–South paradigm, inter-regionalism and the European experience reflects the world of the 1990s rather than the new international context’.

A number of factors point to the need for a shift in thinking of this approach. Partly this is due to an economic upsurge in LACs, the failure of the EU as a model for integration, fragmentation tendencies in the EU and LAC, as well as increased bilateral forms. Sanahuja (2013) highlights the roles the summits have played to date as a successful instrument to establish a high-level political dialogue, but also notes that the current interregional cycle of EU–LAC relations has reached the end of its current life and requires a new agenda to be revitalized. Likewise Söderbaum (2003) sees a decreasing significance of traditional forms of interregional relations while new forms of actors and constellations gain importance, partly because of their capacity to respond more effectively to current challenges. To date no clear ideas have emerged concerning the basis for renewed EU–LAC relations that specifically address these current shortcomings.

Outline of a new agenda

In order to develop a post-interregional strategy, it is helpful to sketch the critical issues for future EU–LAC relationships, and the focus here is specifically on the as-yet-seldom-considered role of non-traditional actors – city-regions – in international relations. Maihold (2013) argues that future EU–LAC relations should progress beyond the symbolic politics of abundant declarations and instead seek out common interests upon which the relations could be based. This seems to be possible in a variety of policy areas.

In future, declining poverty rates and stable economic growth will see the majority of LAC countries receiving less EU cooperation aid, and a shift to focusing on the least developed countries and other low-income countries (Maihold, 2013). ‘South–South’ cooperation (between countries of the Global South) or triangular forms of North–South–South relations will also gain significance, even though until now the implementation process has varied across EU members (Morazán, Sanahuja, & Ayllon, 2011). Decentralized cooperation, providing funds directly to the sub-national and not the national level, are becoming more relevant (European Commission, 2008).

Trade relations will remain important: the EU remains LAC’s second most-important trade partner (behind the United States): European FDI in LAC continue to be of crucial importance. Trade relations can be characterized as asymmetrical, with Latin America exporting primarily raw material and importing industrial products; however, more recently interregional trade in services in both directions has increased (Gratius & Nolte, 2013). The final declaration of the latest EU–LAC summit refers to these trends and adopts as a future principle relationships based on an alliance for sustainable development by promoting investments of social and ecological quality (CELAC/EU, 2013). The economic crisis in Southern Europe has also – perhaps surprisingly – made the Latin American experience relevant for European partners as a source of innovative novel solutions to the problems wrought by austerity (Gratius, 2013). There is also increasing fragmentation tendencies in the EU and LAC resulting from divergent national policies, heterogeneous economic developments and different understandings of regional integration.

Future EU–LAC relations are therefore more likely to be shaped by complex inter-institutional relations between different actors than through traditional forms of inter-regionalism (Sanahuja, 2013).

Foreign policy of city-regions: two Colombian case studies

To explore the potential of Latin American city-regions to contribute to the new EU–LAC agenda, two Colombian case studies are used (see Figure 1). These case studies involved a review of policy documents and the respective research literature alongside interviews with city-regional experts and practitioners. Internal conflicts, the drug economy and weak political institutions have long left Colombia as one of Latin America’s most isolated countries. Despite continuing problems regarding the widespread violation of human rights, there have been positive developments in recent years. These have included an economic upswing, the improvement of security, including negotiations on a peace treaty between guerrilla organizations and the Colombian state and, finally, the establishment of a number of international trade relations. Within this changing context, relations with the EU have been intensified as demonstrated by the signing of an FTA between Colombia, Peru and the EU (Koch, 2012).

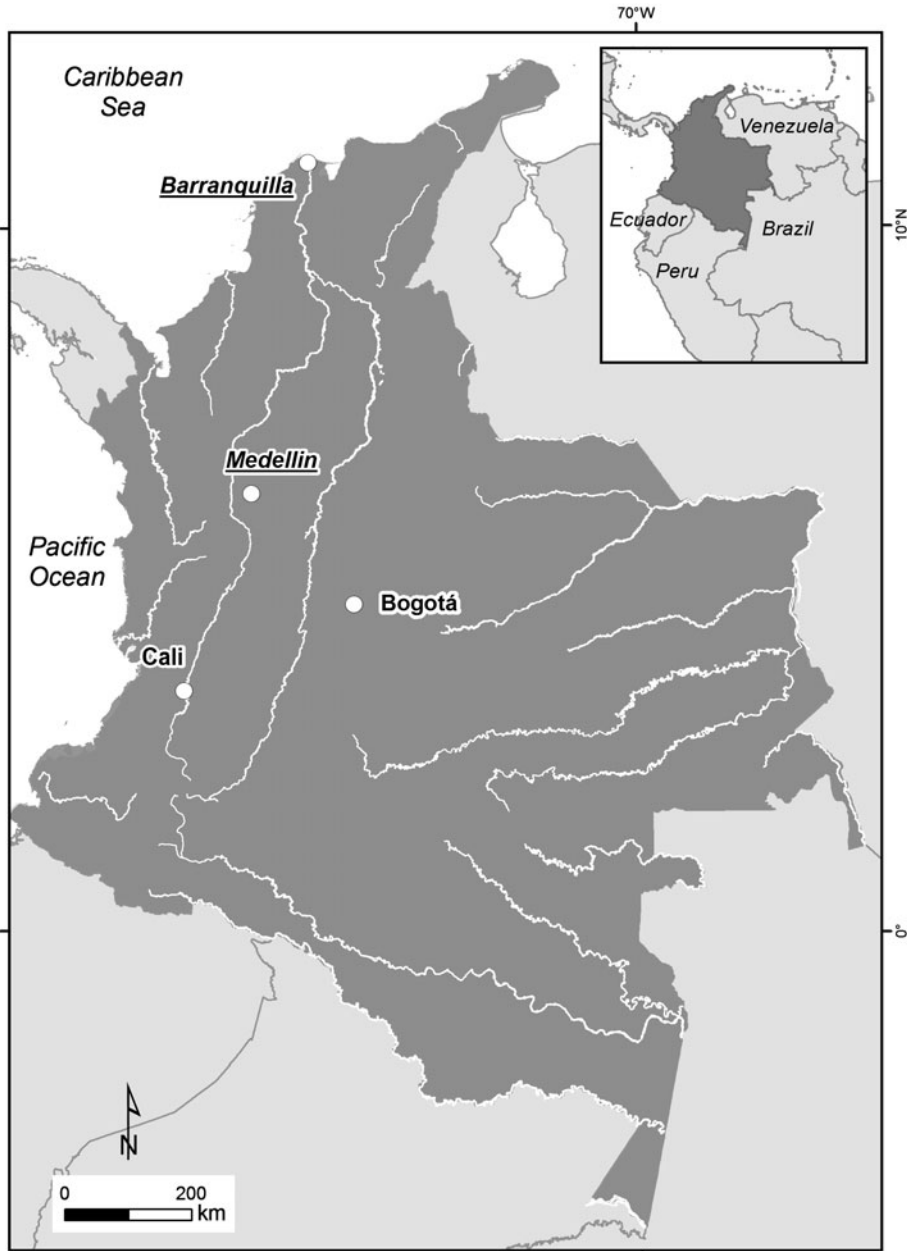


Figure 1. Map of Colombia.
Source: Based on Colombian national geographic database public data.

Even though national foreign policy does not refer specifically to sub-national entities' roles, some Colombian city-regions have developed international activities. Colombia has a three-layered administrative system of national, department (county) and municipal levels. As the Barranquilla and Medellin cases show, the decisive level for

international activities is the city-region, which increases the political room to manoeuvre. These city-regions cover the core cities as well as the surrounding municipalities where future population growth is expected. In Barranquilla this included the municipalities of the surrounding department Atlántico; in Medellín, the municipalities of the Metropolitan Area. These core cities face shortages of building areas with a considerable percentage of local companies already located in suburban municipalities.

Barranquilla

Barranquilla, a port city on the Caribbean coast with 1.2 million inhabitants, was in 1964 one of the first LAC cities to establish a free-trade zone to strengthen local import and export activities. This early attempt to enter the international stage was orientated towards trade and FDI, which have persisted as the city-region's dominant foreign policy. The most influential initiative for international activities was the 1989 foundation of ProBarranquilla, an agency aiming to promote the economic development of Barranquilla and its surrounding region via the international promotion of the city-region as an investment location and building contacts with international trading partners. The agency was created by local companies avoiding public actors' participation, reflecting local businesses' aversion to political contacts associated with political instability and extensive corruption. Only in 2008 did the municipality and the department begin supporting ProBarranquilla, although the majority of its funding remains from private sources. ProBarranquilla's work built trading relations with companies from the United States, China and Brazil, but also from Spain, Portugal and the Netherlands, as well as attracting FDI to the city-region, predominantly from American and European businesses.

The city-region followed a neo-liberal, 'free market' foreign policy approach, according to trade aspects' increasing importance in EU-LAC relationships. In addition, the recent signature of an FTA between Colombia, Peru and the EU may well lead to a further augmentation of commercial relations between the city-region and the EU. The last summit between the EU and the Community of Latin American and Caribbean States (CELAC) emphasized sustainable development via social and environmental investments (CELAC/EU, 2013). ProBarranquilla can play an important role in this, through, for example, considering how FDI will take place on sites in ways guaranteeing social and environmental quality standards.

Medellin

Until recently, Medellín, a city of 2.4 million residents, was known as one of the most dangerous places in the world, being dominated by powerful drug cartels in armed conflict with the Colombian state. This image has changed in recent years, with the city receiving international awards for its successful development, including from the Urban Land Institute and the World Tourist Organization (Brand, 2013). In contrast to Barranquilla, Medellín's international activities have a broader perspective and include cooperation aid and political dialogue. An important step in these activities' development was the establishment of the Agencia de Cooperación Internacional y Inversión (ACI), founded in 2002 by the city of Medellín in support of the principle of decentralized cooperation the city had previously adopted (Bañales, 2011).

ACI's main objective was to apply for decentralized cooperation funds, succeeding and obtaining funding from (amongst others) the French Development Agency and the

EU programmes EUROSocial and URB-AL. These funds contributed an implementation of Medellín's social urbanism approach that seeks to combine physical upgrading with social interventions in poorer neighbourhoods, financing projects including the construction of public libraries and an aerial passenger tramway (Bañales, 2011). In 2005 ACI became responsible for city-regional promotion and acquiring/managing FDI activities (similar to ProBarranquilla). ACI's scope of duties was further extended in 2009 when the agency became responsible for the transmission of a positive image of Medellín globally, and to promote the city-region as a location for international conferences and political summits, hereby both hosting the United Nations' 2014 Habitat World Urban Forum as well as winning the aforementioned international awards.

Despite Brand (2013) stating that it has been easier to promote Medellín's future model for city-regional development internationally than delivering measurable local effects, the city-region has unquestionably benefitted from European cooperation and associated funds that contributed to improving city-regional development. Indeed, this seems poised to increase given the aforementioned trend for decreasing EU-LAC cooperation and its replacement with new forms including South-South and decentralized cooperation. In this scenario, institutions like ACI are important players in sharing experiences on using European cooperation aid to contribute to successful city-regional development (e.g. public transport for excluded parts of the population), implement a South-South perspective and provide valuable lessons for city-regions outside of the Global South also tackling poverty and inequality.

Conclusions

Reflecting on the previously proposed outline of a future EU-LAC agenda we observe that, firstly, with reference to new forms of cooperation aid, city-regions can play an important role as an intermediary between the EU and future recipients of cooperation aid. For example, Medellín, which benefitted to a large degree from EU cooperation, has been active in sharing its experiences in how cooperation aid can contribute to stimulating and supporting integrated city-regional development. Second, city-regional development agencies like ProBarranquilla can help to concretize this idea by defining locations for new FDI which contribute to a sustainable development, thereby developing new approaches using FDI to foster sustainable development.

Thirdly, the city-regional level is critical to delivering strategies successfully to counter growing poverty and inequality, because the problems that are manifestations of these issues (such as housing or labour market issues) are inherently city-regional problems. Medellín's experiences may also be of interest for European city-regions facing similar problems, and they certainly highlight more generally where there may usefully be more systematic possibilities for knowledge transfers from LAC to the EU (continuing the trend initiated by the increasingly popular participatory budgeting approach developed in Porto Alegre, Brazil). Finally, city-regions can progress beyond the idea of the EU as a model blueprint for LAC integration behind and concretize abstract political declarations on future EU-LAC relations. Nevertheless practical questions like delimitating city-regions or their institutional representation and democratic legitimization through foreign policy must be resolved before EU-LAC relations can benefit from incorporating city-regions.

Concrete actions to put city-regions on the EU-LAC agenda may consist of specific city-regional programmes – resembling the EU's URB-AL programme or the Mercociudades initiative,² but focusing upon city-regions and South-South decentralized

cooperation. This may help to position the EU in this field, reflecting the results and knowledge created by Latin American city-regions through their international cooperation. Finally, it may be useful to establish a European–Latin American city-regional dialogue accompanying biannual EU–LAC summits, as the last EU–LAC summit declared. This could potentially focus on exchanging experiences between city-regions facing common problems and promoting investments of social and environmental quality.

As the case studies show, Latin American city-regions have the potential to implement and concretize different forms of EU–LAC supranational foreign policy approaches. Which actions are finally selected depends on EU–LAC relations' future orientation. The EU and LAC's respective institutions need to decide whether the implemented model is based on free trade and commercial relations or, conversely, more integrative and socially oriented. The two case studies offer insights into the consequences of adopting each of these two distinctive models: Barranquilla demonstrates that the city-regional level can foster the trade relations between the EU and LAC; Medellín's experiences demonstrated that city-regions can contribute also to other goals of the EU–LAC relations, including new forms of cooperation aid and poverty reduction. Arguably the biggest stumbling block to realizing this potential is the dominance of the politics of symbolism in EU–LAC relations around interregional strategies.

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Notes

1. The North–South Paradigm is based on the division between so-called developed countries (the Global North) and developing countries (the Global South). Forms of cooperation can therefore include relations between countries of the Global North and South (traditional form of cooperation aid), but also South–South cooperation between developing countries or triangular forms of cooperation (North–South–South).
2. Mercociudades is a network of Latin American cities whose objective is to share experiences between local governments and to strengthen regional integration (Birle, 2009).

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