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OCP POLICY CENTER

ATLANTIC CURRENTS

AN ANNUAL REPORT ON WIDER ATLANTIC PERSPECTIVES AND PATTERNS

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Please direct inquiries to:

The German Marshall Fund of the United States
1744 R Street, NW
Washington, DC 20009
T 1 202 683 2650
F 1 202 265 1662
E info@gmfus.org
www.gmfus.org

OCP Policy Center
Ryad Business Center – South
4th Floor – Mahaj Erryad – Rabat
T +212 5 37 27 08 08
F +212 5 22 92 50 72
E communication@ocppc.ma
www.ocppc.ma

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and http://www.ocppc.ma/publications.

About the Wider Atlantic Program
The Wider Atlantic program is a research and convening partnership of GMF and Morocco's OCP Policy Center. The program explores the north-south and south-south dimensions of transatlantic relations, including the role of Africa and Latin America, and issues affecting the Atlantic Basin as a whole.

About GMF
The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 as a non-partisan, non-profit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

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OCP Policy Center is a think tank that functions as an open debate platform in the spirit of a "public good," as a center for fact-based intellectual stimulation, as an incubator for ideas, and as a proactive source of proposals for decision-makers and stakeholders. Its overarching goal is to enhance corporate and national capacities for objective policy analysis to foster economic and social development, particularly in Morocco and emerging economies. OCP Policy Center does this by conducting and promoting independent policy research, knowledge, and training activities. It is creating an environment of informed and fact-based public policy debate, especially on agriculture, environment, and food security; macroeconomic policy, economic and social development, and regional economics; commodity economics; and understanding key regional and global evolutions shaping the future of Morocco. This is also achieved in partnership with a carefully selected network of think tanks and research organizations located both in Morocco and internationally. OCP Policy Center strives, through an active Young Leader Program and various training activities, to contribute to develop a new generation of leaders in the public, corporate, and civil society sector in Morocco; and more broadly in Africa. OCP Policy Center is supported by the OCP Foundation.

On the cover: Untitled (1988). © Fouad Bellamine

ATLANTIC CURRENTS

An Annual Report on Wider Atlantic Perspectives and Patterns

October 2014

Foreword

We are very pleased to present this first edition of *Atlantic Currents*, a new annual report charting Wider Atlantic perspectives and patterns. The report is the result of a close collaboration between the German Marshall Fund of the United States and the OCP Policy Center, and is a companion to the *Atlantic Dialogues* initiative, our annual forum in Morocco. Both activities are part of a multi-year partnership to promote dialogue and analysis on issues affecting the Wider Atlantic — the United States, Europe, Africa, Latin America, and the Caribbean — as well as global stakeholders in Atlantic affairs.

GMF and the OCP Policy Center are proud of the role we have played in extending the transatlantic debate to embrace the Atlantic Basin, north and south, and in stimulating new thinking about "Atlanticism" for the 21st century — rethinking mental maps of the Atlantic in economic, political, and security terms. The United States and Europe have a strong stake in this exercise, alongside Morocco, as do societies across the southern Atlantic. The essays and data presented here illustrate disparities, but also point to striking elements of convergence between the North and South Atlantic, with important implications for prosperity and security. Above all, these analyses illustrate the continued vitality of Atlantic societies, and the centrality of transatlantic relations in international affairs.

We wish to thank all the authors who have contributed to this first edition of *Atlantic Currents*. We are especially grateful to the project leader, Timothy Ridout, Wider Atlantic fellow at GMF; to the OCP Policy Center team; and to Christine Chumbler, publications manager at GMF.

Comments on *Atlantic Currents* are most welcome, and may be addressed to the editors at GMF and the OCP Policy Center.

Dr. Karen Donfried
President
The German Marshall Fund of the United States

Mostafa Terrab
Chairman and CEO
OCP Group
President
The OCP Foundation

Acronyms

A-Prep	African Peacekeeping Rapid Response Partnership
ACOTA	Africa Contingency Operations Training and Assistance
ACP	African Caribbean and Pacific
AfDB	African Development Bank
AGOA	African Growth and Opportunities Act
AFISMA	African-led International Support Mission in Mali
AFRICOM	U.S. Africa Command
ALBA	Bolivarian Alliance for the Americas
AMISOM	African Union Mission in Somalia
AMU	Arab Maghreb Union
APEC	Asia-Pacific Economic Cooperation
APF	African Peace Facility
APRM	African Peer Review Mechanism
APSA	African Peace and Security Architecture
ASA	Africa-South America Summit
AU	African Union
AUC	African Union Commission
BIT	Bilateral Investment Treaty
BRICS	Brazil, Russia, India, China, and South Africa
CAADP	Comprehensive Africa Agriculture Development Programme
CACM	Central American Common Market
CARICOM	Caribbean Community
CELAC	Community of Latin American and Caribbean States
CEMAC	Central African Economic and Monetary Community
CEN-SAD	Community of Sahel-Saharan States
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
CPLP	Community of Portuguese-Language Countries
CSDP	EU Common Security and Defense Policy
DAC	OECD Development Assistance Committee
DAP	Diammonium Phosphate
DRC	Democratic Republic of Congo
EAC	East African Community
EBA	Everything but Arms
ECCAS	Economic Community of Central African States
ECLAC	Economic Commission of Latin America and the Caribbean
ECOMOG	ECOWAS Monitoring Group
ECOWARN	ECOWAS Early Warning and Response Network
ECOWAS	Economic Community of West African States

EDF	European Development Fund
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
GCTF	Global Counterterrorism Forum
GIs	Geographical Indications
GPA	Government Procurement Agreement
GSP	Generalized System of Preferences
GVC	Global Value Chain
IBSA	India-Brazil-South Africa Dialogue Forum
IBSAMAR	India-Brazil-South Africa Maritime
ICC	International Chamber of Commerce
IEA	International Energy Agency
IGAD	Intergovernmental Authority on Development
IMATC	International Mine Action Training Center
IPPOS	International Police Peacekeeping Operations Support
IPRs	Intellectual Property Rights
ITTO	International Tropical Timber Organization
JODI	Joint Organisations Data Initiative
KP	Kimberley Process (Certification Scheme)
LAC	Latin America and the Caribbean
LDCs	Least Developed Countries
Mercosur	Common Market of the South
MFN	Most Favoured Nation
MICOPAX	Mission in the Central African Republic
MIKTA	Mexico, India, Republic of Korea, Turkey, and Australia
MINUSTAHUN	Stabilization Mission in Haiti
MIP	Minimum Integration Plan
MISCA	African-led International Support Mission in the Central African Republic
MNC	Multi-National Company
MRA	Mutual Recognition Agreements
MRA	Mutual Recognition Agreement
MTF	Maritime Task Force of UNIFIL
NAFTA	North American Free Trade Agreement
NEPAD	New Economic Partnership for African Development
NSA	U.S. National Security Agency

OAS	Organization of American States
OAU	Organization of African Unity (predecessor to the African Union)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PEPFAR	President's Emergency Plan for AIDS Relief (U.S.)
PIDA	Programme for Infrastructure Development in Africa
PTA	Preferential Trade Arrangement
RCEP	Regional Comprehensive Economic Partnership
REC	Regional Economic Community
REM	Rare Earth Metals
RoO	Rules of Origin
SACU	Southern African Customs Union
SADC	Southern African Development Community
SGI	Security Governance Initiative
SOEs	State Owned Enterprises
SPS	Sanitary and Phyto-sanitary Standards
TBT	Technical Barriers to Trade
TIFA	Trade and Investment Framework Agreement
TFTA	Tripartite Free Trade Area
TIAR	Inter-American Treaty for Reciprocal Assistance
TISA	Trade in Services Agreement
TPA	Trade Promotion Authority
TPP	Trans-Pacific Partnership
TRIPS	Trade Related Intellectual Property Rights
TTIP	Transatlantic Trade and Investment Partnership
UNASUR	Union of South American States
UNCOMTRADE	UN Commodity Trade Statistics Database
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Programme
UNECA	UN Economic Commission for Africa
UNIFIL	UN Interim Force in Lebanon
UNSC	UN Security Council
WAEMU	West African Economic and Monetary Union
YALI	Young African Leaders Initiative
ZOPACAS	Zone of Peace and Cooperation of the South Atlantic

Wider Atlantic Perspectives

1 Atlanticism in the 21st Century: Convergence and Cooperation in a Wider Atlantic

Ian O. Lesser and Karim El Aynaoui

Introduction

For all the debate over the rise of Asia and the decline of transatlantic relations, "Atlanticism" is experiencing an intellectual and strategic revival. This is partly a result of the continued vitality of societies and partnerships in the North Atlantic. Not everywhere, to be sure. But the return to economic dynamism in the United States, the growing debate over Europe's international posture, and the role of key European actors such as Germany, suggests that there is plenty of life left in the states and relationships that have shaped the international order in recent decades. The crisis in Ukraine and relations with Russia have also, in a more negative sense, reinforced the significance of dynamics in the Atlantic's northern tier.

Moreover, the sheer scale of the investment and trading relationship between Europe and North America makes this facet of transatlantic relations impossible to ignore. Regardless of the prospects for a Transatlantic Trade and Investment Partnership (TTIP) agreement, the potential for a new, standards-based trade agreement between the United States and the EU has spurred a lively, global debate on the future of trade. Even the opponents — and there are many — take the initiative seriously, not least because of its potential scale. From trade to foreign policy, transatlantic relations in the traditional sense of the term retain considerable weight in international affairs.

Toward a Wider Atlantic Approach

But the "Washington-Brussels axis," the northern dimension of Atlanticism, is only part of the Atlantic story. There are many reasons to take a more comprehensive approach to transatlantic relations, embracing a wider geographic space, and with greater weight given to actors and issues in the southern Atlantic.[1] From this perspective, South-South and North-South relations take on greater significance. This is not to dismiss the weight of interactions across the North Atlantic, which remains overwhelmingly important in economic and diplomatic terms. But just as the Pacific Basin (or Pacific Rim) has emerged as an intellectual and strategic framework, an Atlantic Basin perspective is increasingly compelling. This chapter, and this inaugural edition of *Atlantic Currents*, charts key developments affecting the future of Atlantic societies. It also explores new avenues for Wider Atlantic cooperation that could foster transformative change and improve the living standards of millions around the Atlantic Basin.

The Geopolitical Dimension

In his perceptive analysis of shifting power relationships and their effect on international politics, Charles Kupchan highlights the increasing diversity of issues and stakeholders on the global scene, and the consequent diffusion of power.[2] This is a vision in which no single state or constellation of states can have a preponderance of power — at least not indefinitely. Others suggest that this phenomenon is affecting non-state actors and international institu-

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[1] The term "Wider Atlantic" is used here to denote the Atlantic Basin as a whole, north and south. Southern Atlantic is used here as short-hand for the Atlantic south of the traditional U.S.-EU axis, and broadly the Atlantic south of the Tropic of Cancer.

[2] See Charles Kupchan, *No One's World: The West, the Rising Rest and the Coming Global Turn* (Oxford: Oxford University Press, 2012).

tions as well as states.[3] From military alliances to corporations, insecurity about the nature of power and influence is the order of the day. In an Atlantic setting, this has given rise to much soul searching about the vitality of Atlantic societies and Euroatlantic institutions. There is a sense in many quarters that transatlantic relations have not been “firing on all cylinders,” and that new partners are needed. For some, this is about building new global partnerships of like-minded countries — a new pattern of cooperation based on shared values and support for democracy and civil society. Others focus on common functional interests, from maritime security to trade to energy as the key drivers.[4]

As several of the contributions in this report make clear, closer North-South collaboration based on shared values and interests is not a straightforward proposition. Key states in the Atlantic south, not least Brazil, Argentina, and South Africa, have well-established foreign policy traditions that emphasize a certain philosophical distance from the United States and Europe. It is easy to dismiss this as political baggage, an ideological legacy of the colonial experience and the Cold War years. But foreign policy discussions around this Wider Atlantic world make clear the continuing vigor and attractiveness of this outlook. Indeed, traditional Western partners such as Turkey (very much part of the Atlantic world in strategic and institutional terms, if not precisely by geography) have actually acquired a more distinctive, non-aligned character over the past decade. The notion that not all strategies and policies need to be made in the “North” remains attractive for many leaders and opinion shapers. In practice, there is a substantial body of shared concerns in north-south terms, not least with respect to human rights. But the “North-South” discourse in this area is rarely easy.

Positive and negative examples abound. Trafficking in arms, drugs, and people, as well as energy commerce, agriculture, commodities trade, and the environment, offer clear examples of shared opportunities and complex challenges, as well as the necessity of a coordinated approach across borders and across regions. Countries from the Caribbean to West Africa have been affected by the displacement of drug trafficking routes southward, and across the Atlantic. The unfortunate emergence of new narco-states such as Guinea-Bissau in West Africa is contributing to more chaotic conditions in societies already under political strain and facing security challenges. Closer coordination between north and south on the surveillance, maritime security, and developmental strategies necessary to combat this phenomenon points to an emerging area for Wider Atlantic cooperation. More positively, there is now a great deal of interest in multinational cooperation to promote the development of new infrastructure for energy trade and telecommunications around the Atlantic Basin. The Obama administration’s Power Africa initiative is one example. Plans for a fiber optic cable network running along Africa’s Atlantic coast is another. Pragmatic opportunities of this kind abound.

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[3] See Moisés Naím, *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being In Charge Isn’t What It Used to Be* (New York: Basic Books, 2013).

[4] Some authors blend values and interests in their argument for closer cooperation between emerging powers and Atlantic democracies. See Daniel M. Kliman and Richard Fontaine, *Global Swing States: Brazil, India, Indonesia, Turkey, and the Future of International Order* (Washington, DC: German Marshall Fund of the United States and the Center for New American Security, 2012), http://www.gmfus.org/archives/global-swing-states-brazil-india-indonesia-turkey-and-the-future-of-international-order/.

Cooperation on crises and conflicts in the realm of "high politics" is a more difficult matter. Whatever the obstacles to consistent activism, the United States, and to an extent Europe, are engaged in the key global questions, almost by definition. There may be differences over strategy and instruments, but Washington and Brussels cannot ignore developments in Ukraine, the Middle East, or in the South China Sea. For the traditional North Atlantic actors, few global issues can really be held at arm's length, even if the enthusiasm for an activist approach waxes and wanes. Concerns and engagement are far less automatic across the South Atlantic. Many actors are simply too absorbed in their regional affairs to have energy or resources left for wider international initiatives. Some emerging actors, powerful in their own regions and with highly capable foreign policy institutions, simply prefer an arm's-length posture.

For countries such as Brazil and South Africa, outside their own neighborhoods most foreign policy issues are *optional.* Their engagement is selective, and may be driven by ideological impulse, or affinity. Brazil's close and ultimately unsatisfying collaboration with Turkey on the Iran nuclear question offers a striking example. To generalize, sharp debate over national interests in the international arena is more characteristic of the northern Atlantic than of the south. This may be explained, in large part, by the absence of large-scale animating conflicts in the South Atlantic. Existential challenges in the south tend to be the product of internal forces rather than external disputes. By contrast, the North Atlantic has been shaped by sweeping political and security competitions, virtually without interruption, for the past 500 years. It is hardly surprising that many in Africa and Latin America would prefer to hold this aspect of the Atlantic world at arm's length.

NATO and its relationship with actors in Africa and Latin America is an important part of the equation. Historically, the alliance has faced a difficult climate of perception — and misperception — in its engagement with the Atlantic world below the Tropic of Cancer. This has persisted even as the practical logic of cooperation on maritime security and security-sector reform has grown steadily. Some countries, notably Colombia, have forged ahead with partnership activities. There has also been interest, largely from the NATO side, in building closer ties to Brazil and South Africa. But suspicion of NATO — an amalgam of non-aligned diffidence and traditional wariness of institutions closely associated with Washington's leadership — has impeded NATO ties around the southern Atlantic. Moreover, as Adriana Abdenur highlights in her chapter in this volume, various regional security initiatives in West Africa, Latin America, across the South Atlantic (notably ZOPACAS), and the India-Brazil-South Africa Dialogue Forum (IBSA) suggest the contours of an emerging security architecture. The enthusiasm for anything like a NATO for the southern Atlantic is very limited, despite the interest of Brazil, Nigeria, and South Africa in leading new security efforts across the region.

The question of NATO's role in the Wider Atlantic space is likely to remain on the policy agenda, even if it takes a different form in the years ahead. There is growing debate about NATO in Brazil and elsewhere, and increasing dialogue among officials and security experts from previously separate arenas around the Atlantic.[5] As NATO contemplates a broader range of emerging security challenges, including those emanating from cyberspace, the oceans, and developments in global health, among other issues, the need to engage a wider range of Atlantic partners is likely to grow. West African and Caribbean countries facing border security and piracy threats will look to NATO members, and perhaps the alliance itself as a source of expertise and training in managing these problems.

These considerations will be affected by the growing tension with Russia over Ukraine and other issues, and NATO's consequent return to the international spotlight. Against this backdrop, fears of NATO extending its physical presence into the southern Atlantic seem especially far-fetched. An alliance increasingly focused on bolstering its strategic posture vis-à-vis the Russian challenge in Europe's north and east is unlikely to have much time or resources to spare for new initiatives in the South Atlantic. One important exception to this might be the inevitable transatlantic focus on countering the new wave of Islamic extremism contributing to chaos and insecurity around the Mediterranean, the Sahel, and West Africa. NATO will be compelled to address this facet of transatlantic security even as the alliance grapples with the new Russian challenge.[6] In doing so, interaction with political and security actors in the southern Atlantic is likely to grow, especially in Atlantic Africa.

New Political and Economic Alignments

Since its original articulation by Goldman Sachs economist Jim O'Neill in 2001, the popularity of the BRIC (Brazil, Russia, India, China) concept has waxed and waned. (South Africa joined the grouping in 2010, making it the BRICS). Skeptics deride the idea as "balance sheet geopolitics," and to be sure, the idea of international alignments driven by projected growth rates has a number of limitations. For one thing, the growth rates for Brazil and Russia may be much less impressive than anticipated a decade ago, although for different reasons in each case. For another, there is little reason to assume that the diverse national interests of these countries will converge around common positions. Brazil and South Africa, in particular, seem outliers in this group by virtue of their geographic separation and detachment from the strategic demands in Eurasia around which Chinese, Russian, and Indian policies revolve.

But even with these limitations, the attractiveness of an alternative international outlook, with BRICS as shorthand, is hard to deny. Emerging actors as diverse as Turkey and South Africa have found the idea compelling, in part because it seems to offer new geometries for cooperation in various sectors. It suggests to national elites, often steeped in the vocabulary of a non-alignment, that not all strategies or institutions need flow from north to south, or west to east. Despite its limitations, the BRICS idea, or something like it, seems set to influence the perceptions and policies of the southern Atlantic for some time to come. The BRICS idea is often associated with globalization and the diffusion of power, but it may well owe as much to rising nationalism and sovereignty-consciousness within emerging economies.

5 The well-established Copacabana Security Conference, organized by the Brazilian Center for International Relations (CEBRI), the Konrad Adenauer Foundation (KAS), and others, is a leading example.

6 See Ian O. Lesser, "Europe's Double Exposure," *Transatlantic Take*, German Marshall Fund of the United States, July 8, 2014, http://blog.gmfus.org/2014/07/08/europes-double-exposure/.

The BRICS phenomenon, in the broadest sense, is also acquiring practical dimensions. The creation of the New Development Bank, announced at the most recent BRICS summit in Fortaleza, Brazil, has generated considerable interest and debate. If the bank reaches the planned scale of $100 billion, it could be an important new force in international finance, and a real competitor to established institutions such as the IMF and the World Bank, at least in some areas. With headquarters in Shanghai, and with China as the largest contributor, but with many potential recipients of finance in the southern Atlantic, it may also accelerate the participation of China and India in Atlantic affairs.

However controversial, these new initiatives reflect a demand for comprehensive responses to the huge and pressing development needs of many low- and middle-income countries around the Atlantic Basin, notably in Africa. From the perspective of these countries, financing remains a central constraint to their development. In particular, the lack of adequate infrastructure hampers economic growth in many countries, and limits the speed at which they can converge with higher-income countries. The structural transformation of these economies hinges, among other things, on their capacity to unlock this bottleneck. Meanwhile, international and regional financial institutions have not been able to deliver the massive long-term financing (the idea of a "big push") and the technology and knowledge transfer that is required. At the same time, the advanced economies of the North Atlantic are widely seen as falling short in producing new instruments and actionable solutions.

Ideas such as a large infrastructure fund to attract global private capital have been discussed. Several initiatives, including some promoted by international and regional financial institutions, such as the World Bank and the African Development Bank, are being considered. But the pace of implementation remains an issue, at least for the short and medium term. It is unlikely that these new, alternative groupings — both the BRICS and others — will supplant the traditional international financial institutions, or existing political and development dialogues. But they are also likely to remain on the scene, and perhaps acquire greater weight in shaping the trade, investment, development, and diplomatic strategies of large and small actors around the southern Atlantic over the next decade. At a minimum, there is real potential to improve on the current state of dialogue between the advanced Atlantic economies and emerging partners, with "balance" and concrete responses as key elements. Northern partners will have their own stake in this dialogue because the emerging economies of the Atlantic Basin offer a robust source of growth even as the economic outlook in the North Atlantic remains uncertain.

Domestic and Personal Security Challenges

The southern Atlantic may lack the sharp state-to-state frictions present in other international settings.[7] Yet the Atlantic south of the Tropic of Cancer is hardly a secure space from the perspective of societies and individuals. West Africa has emerged as a deeply troubled region in security terms, and this trend threatens to impede an otherwise promising outlook

[7] The relative absence of conventional security competitions is reflected in the fact that, with few exceptions, defense expenditures as a percentage of GDP continue to drop across the Atlantic space (see page 193).

for economic development. The region faces multiple challenges, all with significant Atlantic dimensions. First, the shifting pattern of smuggling from Latin America has brought an increasing flow of drugs, arms, and money across the Atlantic to places like Guinea-Bissau and neighboring states. This flow is also affecting the security of islands in the Caribbean, as well as Cape Verde, and the spillovers are being felt as far north as the Maghreb and, ultimately, Europe. Together with the modest but growing incidence of piracy affecting areas such as the Gulf of Guinea, and even Brazil, trans-regional criminality of this kind constitutes a Wider Atlantic security challenge *par excellence*.

Second, West Africa and the Sahel, with its connections to North Africa, has become a focal point of religious conflict, sectarian violence, and terrorism. The roots and consequences are largely domestic, but there are also important financial and political links to extremism elsewhere, including Libya and the Gulf. As the United States and Europe focus on the struggle against a new wave of violent Islamism in Iraq and the Levant, violence and extremism of this kind in Africa will also be on the Atlantic security agenda.

Third, while the Atlantic north is focused on the problems of terrorism, spillovers of civil strife, and renewed inter-state competition, the Atlantic south worries overwhelmingly about domestic and personal security. The challenges in this area are formidable, and go well beyond the problems of political and religious violence noted above. The southern Atlantic has some of the world's fastest growing cities, and rapid urbanization has brought growing problems of governance and violent crime. Lagos, Mexico City, Johannesburg, and São Paulo are leading examples. Regional initiatives such as ECOWAS in West Africa, designed to promote economic cooperation and with a role in addressing more conventional conflicts and crises, will be of limited utility in tackling this facet of human security on both sides of the Atlantic south. Ultimately, solutions to these ground-level security challenges concern, above all, local governance and the capacity of civil society.

Fourth, the Ebola epidemic in West Africa offers a dramatic reminder of the role of health in the Atlantic security picture. The further spread of the outbreak beyond its existing centers could have dire implications for the security and prosperity of the entire region, and quite possibly beyond. As much as political violence and terrorism, it also threatens to have an isolating effect on a region in need of stronger international connections for its future development.[8] Even if contained, the Ebola epidemic will cast a spotlight on the broader problem of health insecurity on the African continent and elsewhere.

Atlantic Geo-Economics and the Potential for North-South Convergence

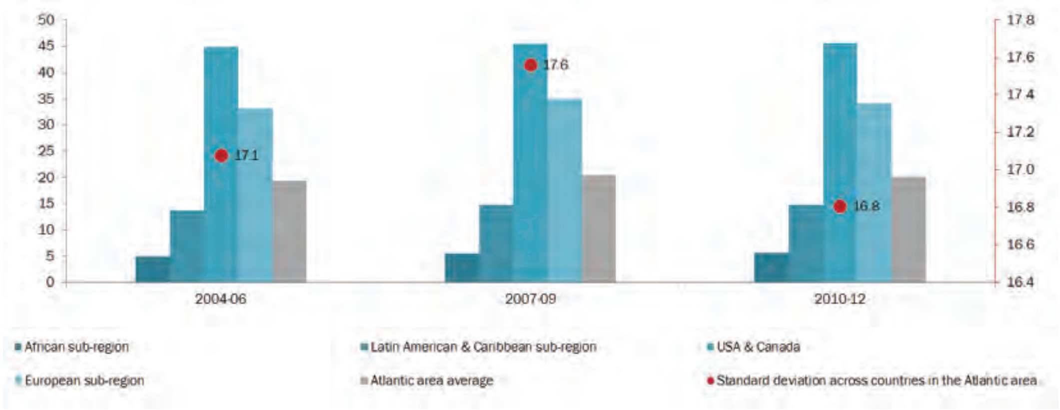
The outlook for a TTIP agreement remains highly uncertain. Despite commitments from Washington and Brussels to work toward a near-term agreement, TTIP faces formidable political and public acceptance hurdles. A full discussion of the factors at work is beyond the scope of this chapter, but a successful agreement is likely to be seen as a strategic development for

[8] It is notable that some of the most vigorous calls for international action on the Ebola epidemic are coming from international investors and manufacturers present in the region. See James Wilson and Javier Blas, "Business Leaders Urge Global Action Against Ebola," *Financial Times*, September 8, 2014.

the future of "conventional" transatlantic relations (those between the United States and the EU).[9] But in this event, the place of other Atlantic actors beyond the scope of a potential deal remains an open question. The question of the merits and consequences of TTIP may be just as significant for Canada, Mexico, Brazil, and Morocco as for the United States and Europe. For countries such as Brazil, where trade policy has traditionally been a leading vehicle for regional and global engagement, the prospect of a sweeping new transatlantic deal is spurring a vigorous reassessment of trade policy. Similar, if lower-key, debates are underway elsewhere around the Atlantic Basin. The outlook for TTIP, and the extent to which economies outside the scope of the agreement can be brought into any new framework is likely to be a leading factor shaping Wider Atlantic cohesion in the years ahead.

While the Atlantic Basin is a heterogeneous region, comprised of countries with significantly different levels of development, opportunities for faster convergence exist. There is a long way to go, but the catch-up process could produce widespread and shared benefits for all. The Wider Atlantic space includes many of the most developed economies in the world, namely the United States and Canada plus the EU, which represent more than 88 percent of the area's GDP, against 12 percent for the remaining Atlantic sub-regions (Africa and Latin America and the Caribbean). The Africa sub-region remains the most disadvantaged, but is also the region with the highest potential for growth. In terms of income per capita, Africa remains far behind the rest of the Atlantic region, a phenomenon that is highly persistent, as shown by the small decrease in the cross-country standard deviation of this indicator between 2004-06 and 2010-12 (see Figure 1).

Figure 1: GDP per capita ppp by sub-region in the Atlantic area (constant thousands US$)

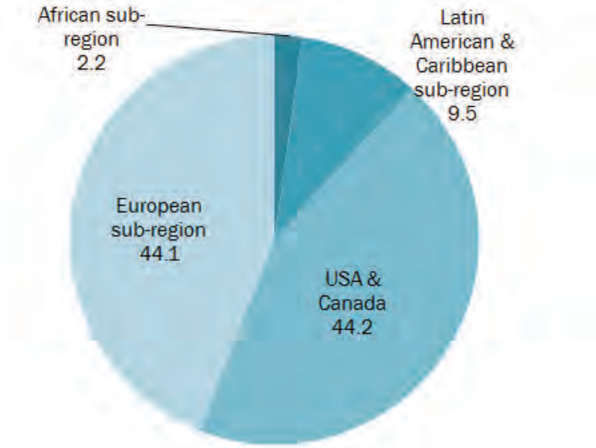


Source: Calculation based on World development Indicators database, World Bank (see also page 131 in this volume)

9 The strategic interest in enhanced transatlantic trade is not surprising given the persistence of relatively high unemployment rates on both sides of the Atlantic, and durable perceptions of economic insecurity. This is illustrated in GMF's latest *Transatlantic Trends 2014* survey findings (www.transatlantictrends.org). It can also been seen in the data presented in this edition of *Atlantic Currents*. Notably, unemployment rates have been converging around the Atlantic north and south, with the United States and Europe actually experiencing slightly higher rates than the South Atlantic, on average.

Another factor indicating that the Atlantic Basin would gain from further integration is the growing synchronization of the business cycles in various countries, as shown by data compiled for this report (starting on page 129). This dynamic is observed both between sub-regions (inter-regional) and within sub-regions (intra-regional). However, the results indicate that the lowest intra-regional correlation was observed among African countries in the Atlantic area included in the data set. It should be also stressed that the increasing synchronization during the 2010-12 period could be partially attributed to the generalized effect of the international crisis on economic performance.

Figure 2: Share of Atlantic sub-regions GDP in percent of total Atlantic GDP (2011-13 average)



Source: Aggregation based on World Development Indicators database (see also page 132 in this volume)

With respect to the financial sector, the Atlantic area is, again, highly diverse. More open policies could stimulate growth via enhanced access to capital, more efficient financial services, etc. For instance, the credit-to-GDP ratio, a simple indicator of financial development, shows significant gaps between Atlantic countries. This also applies to the development of stock markets. Yet, the data indicate increased levels of convergence and synchronization; with appropriate policies and cooperation, this could be accelerated.

Trade integration shows once again that the full potential for more rapid convergence remains unrealized. Intra-Atlantic exports represented about 75 percent of total exports of Atlantic countries over the 2011-13 period. However, South-South trade integration in the Atlantic Basin remains weak. The North-South gap is also evident in FDI inflows. Despite the rising share of FDI inflows into several dynamic emerging economies in Latin America, the greatest share is received by Europe and North America (74 percent of total inflows coming into the Wider Atlantic). Atlantic Africa receives a mere 4 percent of total FDI inflows. This is a real impediment to the development of this critical sub-region because it limits the benefits associated with FDI flows, such as technology and knowledge transfers as well as local employment.

Labor mobility in the Atlantic area is mostly intra-regional. Actually, in 2013, more than 54 percent of the migrant population in countries of the Wider Atlantic originated from the Atlantic Basin. Income differential is commonly considered as one of the most significant factors explaining migration flows. The northern sub-regions in the Atlantic area are mostly net migrant-receiving countries, while the southern sub-regions are mainly migrant-sending.

Broadly, in spite of the increasing convergence and integration among Atlantic countries, several indicators suggest that there are many other areas where the North-South gap continues to be important. These include infrastructure and logistics network infrastructure, institutional and business climates, and dependence on natural resources. Here again, investments in these areas could pay dividends in terms of attracting substantial flows of private capital.

In sum, the integration process in the Atlantic area could be reinforced by looking for economic and trade complementarity among countries, furthering South-South integration, and encouraging stronger involvement of the southern economies in global value chains. For Africa's "catch up" to accelerate, and to capture the benefits of deeper financial and trade integration, countries of the region will need to focus on strengthening human capital and the business climate, as well as the quality of institutions. For some countries in the Atlantic, accelerated convergence will require them to reduce their dependence on natural resources, while transforming a higher share of their commodity production locally, all with the aim of inclusive and sustainable development.

Another example of the significant potential of infrastructure investment to shape the geo-economics of the Atlantic Basin can be seen in prospective shifts in the pattern of global shipping. The long-anticipated expansion of the Panama Canal is set for completion in 2015. Widening the canal will allow the transit of far larger container vessels, principally bringing Asian goods to North American and European markets. Ports along the U.S. East Coast are making bets on increased volumes of shipping, but the net effect of the canal expansion remains open to debate. The relative scale and efficiency of ports, as well as ground versus sea transport, are key variables in this equation. So, too, are prospective shifts in the nature of manufacturing, with potentially fundamental implications for the nature of shipping within and to the Atlantic Basin. The outlook for the global economy is significant, and the demand for raw materials and manufactured goods may be an even more significant driver. On the other side of the Atlantic, Egypt is contemplating a similar expansion of the Suez Canal. It is unclear if this project can be financed and completed against a backdrop of substantial political and strategic risk. But if so, there could be further changes in shipping patterns, with implications for the role of ports in the Mediterranean, northern Europe, and Atlantic Africa. Ports with a strong interest in trans-shipment, including Algeciras and Tanger-Med, could be affected if Suez Canal expansion leads to real shifts in the volume of shipping from Asia to European and African markets along this route.

Energy is another notable element in Atlantic geo-economics. Here, while energy security risks exist, more integration — notably via integrated markets and infrastructure as well as co-investments — could bring significant gains for all. The Atlantic Basin as a whole already accounts for over 30 percent of global energy production, and some analysts predict that this share is likely to increase over the next decade.[10] Shale oil and gas production in North

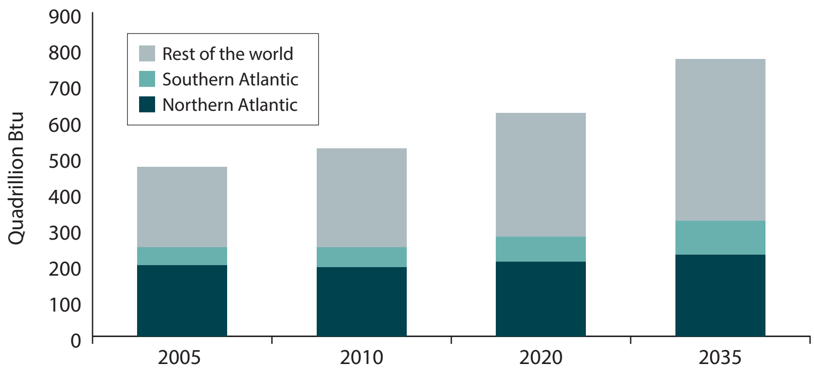
[10] See Paul Isbell, *The Shifting Energy Landscape of the Atlantic Basin* (Washington, DC: German Marshall Fund of the United States and OCP Policy Center, 2012). Atlantic economies have also become less reliant on energy imports, generally, in recent years (see pages 183-5).

America, and significant shale reserves elsewhere (e.g., in South Africa) are part of this equation. Also significant are the many offshore exploration and production projects underway on both sides of the Atlantic. Brazil's substantial pre-salt resources are well known, as are the difficulties the country has experienced in attracting the enormous international investment that will be required to exploit these resources. Productivity increases in Mexico and Venezuela, both large producers, will turn on reforms in the energy sector. But the long-term outlook could be impressive. Atlantic countries such as Morocco, traditionally dependent on expensive energy imports, are actively pursuing the prospect of offshore energy finds. West Africa continues to be a significant exporter of oil to the United States and Europe, despite the challenges of conflict and piracy.

From the high north to the far south, the Atlantic Basin is a hive of activity in the energy sector. Notably, this activity coincides with mounting concerns about energy security — long-standing concerns about the Middle East and North Africa, as well as newer concerns about dependence on Russian oil and gas. The high costs associated with the shipment of LNG from the United States, even if larger amounts are available for export, suggests that these resources are unlikely to have a transforming effect on global energy security. But the steady growth of production from multiple Atlantic sources could well have significant consequences for energy security, and for Atlantic geo-economics.

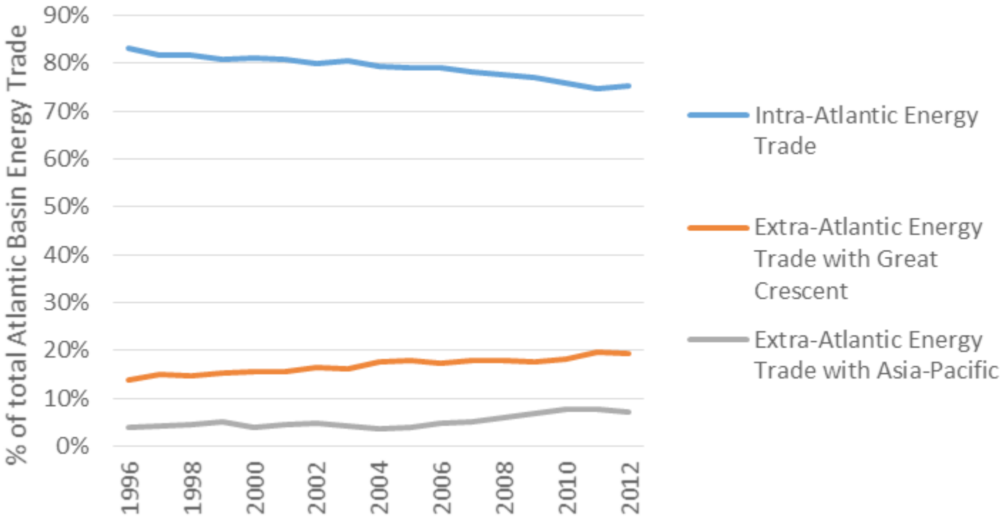
Agricultural production and food security are important common challenges in the Atlantic Basin, and many of the key responses and policies will be set within the region. Given global demographic trends, the Atlantic area, and particularly its southern countries, will play central roles in responding to the increasing global demand for food. Africa will be a key contributor. It will, of course, need to increase supply to respond to its own fast-growing demand, but the continent also has significant untapped potential to participate more significantly in global food trade, including trade in more sophisticated transformed products. Common projects in this area, and the kind of investments discussed above, as well as more open trade policies, could bring about transformative change — a

Figure 3: Energy demand: Atlantic Basin and the rest of the world, 2005-35



Source: Energy and the Atlantic: The Shifting Energy Landscape of the Atlantic Basin, Paul Isbell (Washington, DC: German Marshall Fund of the United States, 2012), http://www.gmfus.org/archives/energy-and-the-atlantic-the-shifting-energy-landscape-of-the-atlantic-basin/.

Figure 4: Total Atlantic Basin energy trade by major region



Source: UNCOMTRADE, 2014.
Note: Figures include both exports and imports of all types of energy trade in all energy sources, including refined energy products.

new green revolution in Africa that could lift millions out of poverty and fuel growth in the Atlantic Basin.

Atlantic Interests and Identity

Who is an Atlantic actor? Geography aside, the answer is not straightforward. In a sense, the sheer weight of Atlantic societies in the global economy, and as political and security actors, gives state and non-state actors everywhere a stake in the future of the Atlantic and transatlantic relations. A more useful question concerns the changing Atlantic interests and behavior of major actors from outside the Atlantic space. The growing role of China is at the top of policy agendas around the Atlantic Basin — from the Arctic, where China has become an active player in extractive industries, to West Africa where Chinese investments in agriculture and manufacturing are a topic of hot debate. Across the ocean, China has become Brazil's leading trade partner, a relationship driven by commodity exports, but with further and more problematic implications for Brazilian manufacturing. Japan and Korea both have substantial Atlantic stakes, including in the South Atlantic (and in the case of the former, a substantial diaspora community in Atlantic Latin America, concentrated in urban areas such as São Paulo).

India, too, has acquired important stakes in the Atlantic economy, and is also engaged in a modest way as a political and security actor, notably through the IBSA framework with Brazil and South Africa. Russia, once a key player from the Caribbean and Venezuela to Africa, has also acquired new stakes in its political ties across the region. To the extent that U.S. and

European relations with Moscow continue to deteriorate, the issue of Russia's ties to traditional non-aligned actors in the southern Atlantic may be an increasingly meaningful factor in UN debates and other multilateral forums.

Against a background of unconstrained globalization, it might be argued that Atlantic interests and identity, *per se*, would be steadily eroded. This argument is much less compelling in the wake of the 2008 financial crisis, and the apparent retreat from globalization noted by many observers.[11] The renationalization of capital flows, and the retreat from G20 diplomacy back to traditional regional groupings, points to a world in which identity and contiguity matter. The return of hard security challenges and the corresponding importance of Euroatlantic institutions designed to meet these challenges, is also playing a role in this process.

At the other end of the spectrum from high politics, local interests and affinities are reinforcing Atlantic ties. There are now some dozen flights each day from Brazilian cities to Miami alone. Washington and Brasília may never be on the same page when it comes to a number of foreign policy issues, but the people-to-people dimension of Brazil-U.S. relations is extraordinarily active. Casablanca is now playing a similar role as a logistical and financial hub for Atlantic connections to West Africa. Links of this kind are replicated at various scales around the Wider Atlantic, with cities and regions as the key nodes. This "micro-Atlanticism" may be just as important a driver of transatlantic relations, north and south, as developments at the level of high politics.

Charting Atlantic Currents

This brief analysis suggests that Atlanticism in the 21st century is likely to be a more diverse and varied phenomenon in terms of geography, issues, and its reach into societies around and beyond the Atlantic Basin. The essays and data presented in this first edition of *Atlantic Currents* illustrate some of the key opportunities that are driving North-South convergence and could be transformative within and beyond the Atlantic space. For all the debate over strategic "pivots" to the Asia-Pacific, there are also many reasons to discern a global pivot to the Atlantic. It is clear that the Atlantic has lost none of its vibrancy as a source of geopolitical and geo-economic change. Nor has it lost its salience as a place where the future of societies and individuals is shaped and debated. But capturing the full potential for development and security in the Wider Atlantic will turn critically on the extent and quality of cooperation between Atlantic states, institutions, businesses, and individuals. Changing mental maps about the Atlantic, and encouraging analysis and debate about the Atlantic Basin as a whole, can play an important role in the years ahead.

Ian O. Lesser is executive director of the German Marshall Fund of the United States' Transatlantic Center in Brussels, and senior director for foreign and security policy at GMF. Karim El Aynaoui is managing director of the OCP Policy Center.

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[11] This case is made very persuasively by Philip Stevens. See "The World Is Marching Back from Globalization," *Financial Times*, September 4, 2014.

2 Mega-Regional Trade Negotiations: Implications for Emerging Atlantic Economies

Memory Dube and Peter Draper

Introduction

The initiation of negotiations to conclude “mega-regional agreements” by the major trading powers is significant. Two of these preferential trade agreements (PTAs) stand out for their sheer size and ambition: the Transatlantic Trade and Investment Partnership (TTIP) between the United States and the European Union (EU) and the Trans-Pacific Partnership (TPP) between the United States and a number of American and Asian states — 12 countries altogether. In addition to encompassing a significant proportion of global trade, these agreements aim to promote deep integration between members, focusing not only on substantial and near-complete tariff liberalization, but also to significantly reduce non-tariff barriers and provide harmonized, consistent rules for a range of issues.

These mega-regionals have the potential to reshape the global trading system. If successful, they will establish new global trade governance norms and regulations. Developing countries not participating in the formulation of these rules would be confronted by a changed regulatory landscape, one not necessarily in their interests or within their capacities to implement. These countries are rightly concerned that such agreements will substantially harm their trade preferences and prevent them from fully participating in global value chains and regional growth. Should the TTIP and TPP negotiations fail, then Western leadership of the international trading system would diminish, substantially, in favor of China and, to a lesser extent, other rapidly emerging powers. This would have a different set of implications for outsider developing countries.

This chapter focuses on how the African and Latin American countries in the broadly constituted transatlantic space[1] could be affected by these developments. Given the vast geographical space under consideration, the analysis is necessarily high level, strategic rather than detailed, and selective in focusing on particular countries and groupings.

The chapter first outlines the “low politics” of what is on the negotiating agenda. It is important to appreciate the breadth and depth of this agenda, as different countries will react very differently to it, depending on the broad orientation of domestic political economy. Those reactions lie on a spectrum: from those that seek to fully embrace and leverage economic globalization and the multinational corporations (MNCs) that drive it through their global value chains (GVCs), to those that seek to constrain economic globalization and those MNCs in favor of domestic corporations. This is analogous to the old “free trade” versus “protection” debate, with the modern difference being that the latter is far more nuanced than is commonly appreciated, revolving increasingly around the pros and cons of “smart” or “deliberative” industrial policy, state capitalism, or both. The section concludes with a brief elucidation of the implications of the negotiating agenda for Atlantic Latin American and sub-Saharan African economies.

The chapter next briefly reviews patterns of Latin American regional and global economic integration in order to set the scene for the ensuing discussion of how key sub-regions and

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[1] For the purposes of this chapter, in the Latin American case, this excludes the Caribbean countries, and includes all those in the broad arc from Mexico to Argentina. In the African case, it includes all countries in the arc from Morocco to South Africa.

countries are reacting, or may react, to mega-regionals, and specifically the direction of change in terms of the *free trade-industrial policy spectrum* they are likely to evolve toward. The following section follows the same structure, and attempts the same thing, but with reference to Atlantic sub-Saharan African countries.

Of course, much depends on how the mega-regionals play out, so the next section sketches three broad scenarios and their implications for the focus countries, before offering concluding remarks.

The Negotiating Agenda

This section briefly outlines the contours of the core negotiating issues in both TTIP and TPP: market access, rules, and new and cross-cutting issues.

Market Access

Patrick Messerlin suggests that if TTIP is completed, then the more concentrated a country's industrial and agricultural exports to pre-TTIP U.S. and EU markets, the more severe the impact of those agreements on that country's exports; additionally, the more that country is exposed to the envisaged trade rules and regulations, the more adverse the impact on their trading arrangements will be.[2] Countries with preferential market access will suffer the risk of preference erosion arising from tariff reductions in the mega-regionals, and there is always the risk of unilateral withdrawal of preferences, such as through generalized systems of preferences (GSP). Countries that have FTAs with the United States and EU might face increased competition within those markets from third party mega-regional participants, especially if their export basket competes with that of the other mega-regional participants also looking to enter the U.S. or EU market, a dynamic that currently applies only to TPP because of the high number of third parties involved.[3] Countries that trade on a most favored nation (MFN) basis will only be significantly affected if they are highly dependent on the EU and U.S. markets and face the risk of trade diversion from new competitors.[4]

Rules of origin (RoO) regimes govern access to trade preferences, and are ostensibly adopted to prevent trade deflection or trans-shipment from outside the PTA area. They play a critical role in determining where actual production will be geographically located within a PTA. The EU and the United States have such divergent approaches to RoO that one of the possible outcomes of TTIP could be the relaxation of current regimes and enhanced market liberalization. However, considering the highly restrictive U.S. RoO regime for clothing, textiles, and footwear — a key sector for many developing countries — this possibility is highly uncertain.[5]

With regard to trade in services, it is likely that the cumulative effect of TPP, TTIP, and the Trade in Services Agreement (TiSA) negotiations involving mainly Organization for Economic

[2] Patrick Messerlin, "The Transatlantic Trade and Investment Partnership and the Developing Countries," *Policy Brief*, Sciences Po, Groupe d'Economic Mondiale, May 22, 2014.

[3] Osvaldo Rosales and Sebastián Herreros, "Mega-Regional Trade Negotiations: What is at Risk for Latin America?" *Inter-American Dialogue Working Paper* (January 2014).

[4] Rosales and Herreros.

[5] Messerlin.

Cooperation and Development (OECD) countries will be enhanced services trade liberalization internationally.[6] This could lead to diversion of those services tradable across borders, but more significantly to investment diversion since investment is the most significant mode whereby services are provided internationally. The link between services provision and the operation of GVCs is well-established, so those countries outside the mega-regionals wishing to integrate into GVCs could face a double blow: diversion of their goods and services exports and of investment away from their markets.

Government procurement markets are an under-appreciated arena for market access in trade agreements. It is highly probable that the final text on government procurement in both TPP and TTIP will mirror the WTO's 2011 revised government procurement agreement (GPA)[7] since the domestic lobby in the United States prevents its government from negotiating provisions more onerous than the GPA in order to preserve their benefits from the "buy local" campaigns and "buy American" federal funding provisions.[8]

Rules

Many observers of the mega-regionals think that their real significance is not in the traditional market access agendas for goods and services, but rather in the potential to harmonize regulatory standards.[9] The issue of regulatory coherence is meant to promote regulatory consistency between the EU and United States and is one of the foundations of the TTIP negotiations.[10] Both parties have divergent approaches to regulation, encompassing many issues. For example, the U.S. approach to genetically modified foods is relaxed whereas the EU is very cautious.[11] TTIP would likely establish best practice provisions on standards, but it remains to be seen how demanding or effective they will be. Greater regulatory convergence between the EU and the United States could possibly lower transaction costs for third parties trading with both of them owing to the uniform requirements, but such standards may not necessarily be easy to comply with and therefore could constitute trade barriers.[12]

On intellectual property rights (IPRs) issues, positions remain divergent within both TPP and TTIP. In TTIP, differences revolve around approaches to protection of IPRs such as geograph-

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[6] Messerlin; Peter Draper, Simon Lacey, and Yash Ramkolowan, "Mega-Regional Trade Agreements: Implications for the African, Caribbean, and Pacific Countries," *ECIPE Occassional Paper No. 2/2014* (2014).

[7] Draper, Ramkolowan, and Lacey.

[8] Shayerah Ilias Akhtar and Vivian Jones, "Proposed Transatlantic Trade and Investment Partnership (T-TIP): In Brief," *Congressional Research Service Report*, R43158, June 11, 2014.

[9] Draper, Ramkolowan, and Lacey.

[10] In TPP, by contrast, given the profound negotiating asymmetries, all countries (with the partial exception of Japan), will converge toward U.S. regulatory standards since that is a core requirement of the U.S. approach to negotiating PTAs.

[11] Akhtar and Jones.

[12] Akhtar and Jones. Much depends on the conformity assessment procedures, and how they are implemented vis-à-vis third parties. Conformity assessment is akin to a RoO; an exporter needs to apply to have his/her good approved, i.e., that it must conform to the standard. The United States and EU, for example, could automatically extend this recognition to suppliers within the TTIP jurisdiction, but not to outsiders. If a third-party supplier meets the criteria for one market, the issue is whether they would have to be tested in the other market or whether approval would also automatically be extended.

ical indications.[13] In TPP, disagreements are more about the depth and scope of protection, with the United States seeking protection well beyond the WTO's trade-related aspects of intellectual property rights (TRIPS) agreement provisions.[14] Given the widely varying levels of education and expertise prevailing in different countries across the world, and the ethical issues pertaining to particular IPR issues such as access to medicines, the U.S. IPR agenda has been controversial. Speculation, however, is that both TPP and TTIP will provide for differentiated provisions for developed and developing countries with regard to IPRs.[15]

In TTIP, there are substantive differences between the EU and the United States over some aspects of investment protection, particularly investor-state arbitration, which is central to U.S. investment agreements.[16] The same is true of the United States and some TPP negotiating partners. European views on this issue are mixed; in TPP negotiations, Australia has major reservations. The United States is also pushing for controversial provisions such as the automatic right of establishment of foreign goods and services providers in the markets of PTA partners; non-discriminatory treatment of U.S. investors and their investments; minimum guarantees of fair and equitable treatment; disciplines on expropriation; prohibitions on capital controls; exemptions for scheduled non-conforming measures; and a ban on imposing performance requirements such as minimum export thresholds and local content requirements.[17]

Competition policy is being pursued in TPP by the United States partly as an additional means of dealing with state-owned enterprises (SOEs) in developing countries and levelling the playing field for U.S. companies by doing away with the financing, regulation, and transparency issues that allegedly confer an unfair competitive advantage on SOEs.[18] Speculation is that competition policy negotiations will create centralized competition oversight authorities such as those in the EU, West African Economic and Monetary Union, and Common Market for Eastern and Southern Africa (COMESA),[19] but the possibility of a substantive agreement on competition seems far-fetched, especially as OECD efforts in the area have come to naught.[20] Hence, negotiations on the regulation of SOEs, both in the OECD and in TPP, seek to do away with any competitive advantage conferred on SOEs by governments.

Broad Implications for Atlantic Latin America and Sub-Saharan Africa

From the preceding brief analysis, several broad implications are apparent:

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[13] Geographic indications refer to names for goods that derive from a recognizable place, such as champagne. Since the EU countries colonized much of the world, including the United States, the EU lays claim to many such names. The United States contests this because not doing so would mean having to change many names, a very costly exercise.

[14] Ian Fergusson et al., "The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress," *Congressional Research Service Report*, R42694, December 13, 2013.

[15] Ferguson et al.

[16] First enshrined in the North American Free Trade Agreement, an investor-state dispute settlement allows for investors to sue states directly via neutral arbitration panels.

[17] Draper, Ramkolowan, and Lacey.

[18] Ibid.

[19] Ibid.

[20] Messerlin.

1. With respect to goods exports, there is potential for trade deflection and consequently reduced earnings. Concerning RoO, TPP partners such as Vietnam are lobbying for their relaxation, particularly the "yarn-forward"[21] rule implemented by the United States for clothing and textile imports. Should those RoO be relaxed, then some countries will experience preference erosion. These include some African countries, particularly those whose exports benefit from the African Growth and Opportunities Act (AGOA), and some Latin American countries such as Mexico and the Central American countries that have created sub-regional production networks oriented to the U.S. market.[22] Furthermore, those threatened with graduation from GSP[23] access to MFN[24] in both the U.S. and EU markets could experience a double hit, especially if they do not have a PTA with either.[25]
2. Latin American and African countries would be under great pressure to further liberalize their services trade. Africa, in particular, could benefit from a greater liberalization of access to network services markets[26] through foreign direct investment (FDI).[27]
3. New and enhanced regulatory standards and disciplines will most likely apply to U.S. and EU trade relations with third parties going forward.[28] This could be positive or negative, depending on how exports from outside the qualifying PTA zone are treated by regulators. It is impossible to predict in the aggregate how this will play out; it will do so on an individual product level.
4. Competition and investment policy have implications for development in both Latin America and Africa. There are trends in some countries toward nationalization and expropriation of property that could deny these countries investment opportunities. Issues such as the legal framework for investment, secure contractual and property rights for investors, investor rights and obligations, and investor protection and FDI restrictions become central to establishing an attractive investment climate. It will also be of particular interest to Africa and Latin America to see just how much "policy space" TPP carves out for developing countries.

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21 "This rule is intended to ensure that clothing made in a TPP member country, using fabrics or fibres originating in a non-member country, does not benefit from tariff reduction," as quoted in Rosales and Herreros.

22 Rosales and Herreros.

23 The GSP is an exemption from the WTO MFN principle and provides for preferential market access to qualifying developing countries as qualified by the grantor.

24 The MFN principle provides for WTO members to treat all imported goods from other WTO members equally, without favoring one above the other.

25 Rosales and Herreros.

26 Network services markets refer to markets in communications, energy, finance, and transport, i.e., services that cut across the entire economy and as such could be considered "networked."

27 Peter Draper, Memory Dube, and Morisho Nene, "The Doha Development Agenda and the WTO can deliver on Africa's Development Priorities," in Wilkinson and Scott (eds.), *Trade, Poverty and Development: Getting Beyond the WTO's Doha Deadlock* (London: Routledge, 2012).

28 Peter Draper and Salim Ismail, "The Potential Impact of Mega-Regionals on Sub-Saharan Africa and LDCs in the Region," in *Mega-regional Trade Agreements: Game-Changers or Costly Distractions for the World Trading System?* (World Economic Forum, July 2014).

5. The importance of SOEs to some developing country economies needs to be underscored here. However, an agreement on SOEs that limits their competitive advantage could provide the right kind of incentives to improve corporate governance and ensure competitive efficiency in public entities.
6. It is highly probable that a successful conclusion of these negotiations will set off a process of competitive liberalization in other PTA negotiation processes, particularly involving TPP and TTIP members. Countries integrating into TTIP and TPP disciplines will establish a superior investment climate through the WTO-plus trade policies and, in order to attract investment and gain access to the EU and U.S. markets, Latin American and African countries might have to re-evaluate their approach to such disciplines.[29] This will have implications for Atlantic Latin American and African countries in a range of areas where they do not currently subscribe to the rules set predominantly by developed countries. For example, many countries do not participate in the WTO's GPA, but will have to revisit this following TTIP and TPP implementation. It is, however, in the interest of Africa and Latin America, as developing regions, to clarify government procurement policy in developed countries through the TPP and TTIP as this was one of the main instruments of protection used by developed countries during the economic crisis of 2008-09.[30]

Overall, those countries wishing to integrate into GVCs by aligning their trade policies to the sources of MNC investment should not be unduly troubled by these and other implications. The key issue will be the political willingness to adopt the sometimes painful reform packages required, and state capacities to implement them. This is arguably a substantially greater challenge in the sub-Saharan African context than in the Latin American context. Those countries that evince a different approach to integration into the global economy, namely a "smart industrial policy" one, will react quite differently since the agenda involves major intrusion into domestic policy space. Others may resist the agenda on purely ideological grounds, such as opposition to Western incursions or perceived diktat.

Implications for Atlantic Latin America

It is important to situate the analysis in the historical architecture of economic integration in Latin America, since this frames future possibilities and constraints.

Patterns of Latin American Regional and Global Integration

Historically, Latin American economies' trade patterns have been dominated by four interlocking features, playing out to greater or lesser extents in different countries:

1. Reliance on major external powers, notably the EU and United States, but more recently China;
2. The dominance of resource exports from the region, and corresponding inflows of manufactures plus services;

[29] Draper and Ismail.

[30] Draper, Dube, and Nene.

3. Consequent weak internal integration in terms of trade and investment flows, underscored by weak integration "hardware" in the form of infrastructure;[31] and
4. Correspondingly weak "software," or internal trade arrangements,[32] in terms of their width and depth.

Antoni Estavadeordal et al.[33] identify three waves of Latin American economic integration. The first began in the 1960s, and derived its animus from the desire to enlarge the economic space for import substitution policies being pursued domestically across the region. They note that it was ultimately limited by its inherent contradictions, namely each countries' desire to limit imports from its neighbors. The second emerged in the late 1980s and 1990s, and was strongly associated with domestic adoption of structural reforms under IMF and/or World Bank packages in the wake of the debt crisis sweeping the region, the end of the Cold War and Soviet patronage in some states, and the associated U.S. shift to reciprocity in its trade relations culminating in the formation of the North American Free Trade Agreement (NAFTA). In this phase, the number of PTAs mushroomed, but by the onset of the 21st century, doubts about the efficacy of these agreements and the unilateral trade liberalization that accompanied structural reform had set in. Thus, the third wave emerged partly as an attempt to correct the perceived shortcomings of the previous economic models. However, Estavadeordal and his co-authors note that Latin American countries did not share interpretations of those shortcomings. Rather, some concluded that poor implementation was to blame and therefore strengthened effort was required, extending to markets that were external to the region. Others decided that the reform agenda relied too much on markets and hence opted to increase functional integration. Still others rejected free trade altogether.

Estevadeordal et al. note an additional factor sharpening the need to recalibrate regional trade policies. This is that the benign external economic environment that shaped the third wave of Latin American regionalism has reversed in recent years: the commodity supercycle has attenuated; China's recalibration of its domestic economic policy reinforces this; and the very cheap and abundant financial flows washing into the region from developed countries have slowed and may reverse as quantitative easing polices are tapered, particularly in the United States. Consequently, "beggar-thy-neighbor" trade policies have resurfaced.[34]

These dynamics are accentuated by several interlocked driving factors. First, the intensification of specialization in international trade and production patterns driven by the consolidation of China-centered GVCs has prompted countries in the region to carefully consider their development strategies and orientations toward external trade and FDI. With the exception of Mexico, the region is a relatively minor participant in GVCs, whereas Mexico's participation is driven by MNCs from its giant neighbor, the United States. This relative marginalization

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31 Antoni Estevadeordal, Paolo Giordano, and Barbara Ramos "Trade and Economic Integration," in Jorge I. Domínguez and Ana Covarrubias, *Routledge Handbook of Latin America in the World* [forthcoming].

32 Estevadeordal, Giordano, and Ramos.

33 Ibid.

34 Ibid.

has given rise to a sharp divergence between a group of countries that seeks to embrace GVCs by adopting the policy package deemed consistent with this objective, basically by opening up their economies to trade and FDI,[35] another group that seeks to curtail the impact and influence of MNCs in their economies and consequently take a much more skeptical approach to the GVCs "narrative,"[36] and a third that rejects free trade altogether. The first group has consolidated around the Pacific Alliance[37] countries; the second around Mercosur;[38] and the third around the Bolivarian Alliance for the Americas (ALBA).[39]

It is no coincidence that three of the four Pacific Alliance countries — Chile, Peru, and Mexico — are Asia Pacific Economic Cooperation (APEC)[40] members. APEC contains some of the most dynamic economies in the world, centered on China, Japan, and the United States, and is the region where GVCs are most concentrated. While there are some outliers among APEC members,[41] for the most part its members embrace GVCs and trade openness, and participate actively, if unevenly, in the intensifying Asia-Pacific GVC division of labor. This is one important explanatory factor behind the TPP negotiations. Consonant with this, all four Pacific Alliance countries have implemented PTAs with the United States, the EU, and Japan,[42] and are engaged in the TPP negotiations; Chile and Peru have also concluded PTAs with China, albeit primarily for diplomatic and strategic reasons.[43]

By contrast, ALBA contains just two Pacific countries, Ecuador and Nicaragua, neither of which are APEC members. In the ALBA and Mercosur groups, only Nicaragua has FTAs with the United States and EU via its membership in the Central American Common Market (CACM),[44] but not with Japan. Argentina and Brazil, the two South American giants, have historically been skeptical of trade and FDI openness and remain so. This owes much to their relatively developed manufacturing industries, which emerged under import substitution policies only partially dismantled in the wake of their financial crises in the 1980s and 1990s. Venezuela, Bolivia, and Ecuador reject free trade and the GVCs "narrative," and therefore resist opening their economies to external influences. None of the Atlantic South American economies have concluded PTAs with the major trading powers — the EU, United States, Japan, and China. It is true that Mercosur is negotiating a PTA with the EU; however, this process began in November 1999 and there is no end in sight. Similarly, the South American

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35 *The Shifting Geography of Global Value Chains: Implications for Developing Countries and Trade Policy* (World Economic Forum, 2012).

36 Peter Draper and Andreas Freytag, "Who Captures the Value in the Global Value Chain? Implications for the World Trade Organization," International Centre for Trade and Sustainable Development, 2014.

37 Mexico, Colombia, Peru, and Chile.

38 Comprising Argentina, Brazil, Paraguay, Uruguay, and Venezuela.

39 Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, Saint Lucia, Saint Vincent and the Grenadines, and Venezuela.

40 Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, The Philippines, Russia, Singapore, South Korea, Taiwan, Thailand, the United States, and Vietnam.

41 Notably Papua New Guinea and Russia.

42 Colombia is still negotiating a PTA with Japan.

43 Julie Klinger, "China and Latin America: Problems or Possibilities," *Berkeley Review of Latin American Studies* (Spring 2013).

44 CACM consists of Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica.

countries actively resisted U.S.-led efforts to conclude the Free Trade Area of the Americas, a process that has been dormant for years.

Implications of Mega-Regionals for Atlantic Latin America

The most immediate implication of both TPP and TTIP is that excluded countries could face heightened competition for their goods exports in their major destination markets: the EU and the United States. In other words, the threat of trade diversion looms. For those countries that have PTAs with these two markets — CACM and the Pacific Alliance — the threat is minimal. For ALBA and Mercosur, the threat is more serious. Currently, it is mitigated by the fact that some of these countries' exports to both the EU and United States enjoy preferential access under GSP.[45] However, the Mercosur countries, with the exception of Paraguay, have already been "graduated" from the EU's scheme, whereas the U.S. GSP program expired on July 31, 2013, and has yet to be extended. Furthermore, the U.S. Congress is considering "graduating" certain South American trading partners from its GSP, notably Brazil.[46] These developments increase the pressure on the ALBA and Mercosur countries to conclude PTAs with the EU and United States just to maintain their export shares in the face of preferential competition.

However, PTAs with the United States particularly, but also the EU, would be wide and deep, as described previously. It is one thing to open goods market access to imports from the two major developed economies; it is another entirely to sign up for intrusive behind-the-border regulations and services market access. Foreign policy alignment between the Atlantic South American countries, on one hand, and the United States and/or the EU, on the other, would be an essential prerequisite. However, such closeness is mostly lacking. With the exception of Uruguay, which has historically expressed a strong desire to conclude PTAs with both the United States and the EU, the other countries by and large remain hostile or ambivalent to the United States in particular, and the EU to a lesser extent. Combining this with their skepticism toward trade and FDI openness, it is difficult to see them signing up to intrusive PTAs with the major powers.

Unfortunately for them, if the mega-regionals succeed, the pressure is only likely to increase. In the transatlantic space, Mexico and Canada are already pushing for inclusion in a broadened TTIP. The CACM countries are very likely to join in an enlarged TTIP enterprise, should one emerge. Mexico's Pacific Alliance partners already have PTAs with both the United States and the EU, so "docking" them into "TTIP plus" is quite conceivable. This would leave the ALBA and Mercosur countries effectively isolated from the regulatory networks governing GVCs in the transatlantic space.[47] Similarly, some observers consider that TPP could become the nucleus of an Asia-Pacific PTA, ultimately including China, among others. Again, the ALBA and Mercosur countries would be excluded from this GVC-centric regulatory network.

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[45] The United States operates two relevant schemes: the Generalized System of Preferences, and the Andean Trade Preference Act. The EU operates one: the Generalized Scheme of Preferences. Rosales and Herreros note that the beneficiary countries' top exports enter both the United States and the EU markets duty free under these preferential arrangements.

[46] Rosales and Herreros.

[47] Rosales and Herreros; Beatriz Leycegui, "Mega-Regionals — How 'Mega' Will Their Impact Be for Latin America?" in *Mega-Regional Trade Agreements: Game-Changers or Costly Distractions for the World Trading System?* (World Economic Forum, July 2014).

Implications for Atlantic Africa

As with Atlantic Latin America, we begin by situating the discussion in the historical evolution of African economic integration.

Patterns of African Regional and Global Integration

Historically, economic integration in Africa was shaped by the ideology of pan-Africanism, analogous to Bolivarian ideology; the realities of regional state formation imposed by decolonization processes;[48] and the economic realities of being subsistence economies with trade dominated by commodity exports. These broad characteristics also apply to some extent to Latin America, notwithstanding important contextual differences. Consequently, it is no surprise to find that the internal structure of regional economic arrangements in Africa mirrors Latin American weaknesses in terms of "hardware" and "software" deficits. Arrangements remain weak and characterized by little internal trade. [49] Thus, notwithstanding the fact that Africa has, for the past decade or so, been going through a period of unprecedented economic growth and is expected to keep growing rapidly in the coming years, the continent remains among the least globalized regions in the world and most disconnected from GVCs, while also being the least integrated internally.

African integration attempts have taken three directions: integration with neighbors and other countries because of economic linkages, history, and security; continental efforts driven by the African Union (AU); and global integration, both unilaterally and through the WTO. Regional integration, as in the Latin American experience, was initially shaped by import substitution thinking, the dominant economic paradigm pursued in the 1960s and 1970s as post-colonial states sought to build industrial bases. Again in common with Latin America, that experience gave way to the debt crisis of the 1980s and 1990s, and adoption (many would say imposition) of structural adjustment policies embodied in the Washington Consensus. Similarly to Latin America, the impact of structural reforms is still widely debated, and this has implications for trade strategy going forward.

In the current context, the primary driver of continental economic integration is the African Economic Community, established through the Abuja Treaty, and expected to be achieved through a progressive, linear integration process. Eight regional economic communities (RECs) were identified as pillars: the Inter-Governmental Authority on Development (IGAD); Arab Maghreb Union (AMU); Community of Sahel-Saharan States (CEN-SAD); Economic Community of West African States (ECOWAS); Economic Community of Central African States (ECCAS); Southern African Development Community (SADC); Common Market for Eastern and Southern Africa (COMESA); and the East African Community (EAC). The Tripartite Free Trade Area (TFTA) is also being negotiated between COMESA, EAC, and SADC, and is considered Africa's own version of a mega-regional trade negotiation. The TFTA is supposed to set the foundation for wider continental integration, and negotiations are expected to conclude in 2014, with the launch in 2016. It is highly unlikely that this deadline

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[48] French decolonization was quite different from that of the British, and both were different from Portuguese decolonization.

[49] OECD/AfDB/UNDP, *African Economic Outlook 2014: Global Value Chains and Africa's Industrialisation* (OECD Publishing, 2014).

will be met, in which case it will join a long succession of deadlines consigned to the dustbin of history.

These RECs are at different levels of theoretical economic integration, from PTAs to customs unions to common markets to monetary unions. The major challenge is the mainstreaming of regional integration nationally, or, rather, the failure thereof.[50] Given the chronic institutional weaknesses of most sub-Saharan states, there are also questions about the most appropriate institutional form RECs should take; in essence, it is difficult to see how new, institutionally challenged states could adopt a European-style integration process.[51] This underscores the point about enduring pre-colonial relationships particularly in Francophone Africa where monetary and currency policies, for example, are set in Paris under the CFA scheme.[52]

Integration with the global economy is defined by the Doha Round negotiations at the WTO; access to AGOA; and the Economic Partnership Agreements (EPAs) concluded and still being negotiated with the EU, which are intended to replace both GSP and the Everything but Arms (EBA) scheme extended to least developed countries (LDCs). The engagement between Africa and emerging economies, such as the BRICS group (Brazil, Russia, India, China, and South Africa), which lack the formalized structures of the EU and United States, should also be added to this mix.[53]

Implications of Mega-Regionals for Atlantic Africa

The reaction to the mega-regional negotiations has been largely muted in African capitals and continental institutions. The focus is largely on infrastructure development, industrialization, and improving intra-regional trade. A perusal of AU documents reveals a pre-occupation with Doha Round negotiation issues while emphasizing the primacy of multilateralism. South Africa is one exception; the government has been particularly vocal about condemning the emergence of the mega-regionals as an attempt to circumvent the Doha Round and craft trade rules outside of the WTO by the global trading majors. There is no apparent public debate on the implications of these mega-regionals for countries and their global trading relations, which may indicate that countries view these mega-regional negotiations as just another regional trade agreement process not necessarily of relevance to Africa. It is also useful to point out that while mega-regionals may have been influenced by such developments as the Doha impasse, slow-down in global trade, and a change in production patterns, among other things, the motivations for African regional integration have always been different. There is also the aspect of existing preferential trading arrangements with both the United States and the EU

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[50] Economic Commission for Africa, "Assessing Regional Integration in Africa IV: Enhancing Intra-African Trade," 2010, www.eca.org/aria4/full_version.pdf.

[51] Peter Draper, "Rethinking the (European) Foundations of Sub-Saharan African Regional Economic Integration: A Political Economy Essay," *Working Paper No. 293*, OECD Development Centre, OECD, 2010.

[52] The French Treasury backs two African currencies: the West African CFA Franc and the Central African CFA Franc, which are exchangeable although they cannot be used in the respective zones. They are used in 14 countries, 12 former French colonies plus Guinea Bissau (a former Portuguese colony) and Equatorial Guinea (formerly a Spanish colony). The term CFA means *Communauté financière d'Afrique* in West Africa, and *Coopération financière en Afrique centrale* in Central Africa.

[53] United Nations Development Programme, *Regional Integration and Human Development: A Pathway for Africa* (New York: UNDP, April 2011).

(AGOA, EBA, GSP) that are possibly being taken for granted as fortresses against potential negative impacts of the mega-regionals. AGOA covers about one-third of U.S. tariff lines and utilization of AGOA preferences has not been impressive outside of the energy sector, whereas the EU's GSP provides preferential market access for roughly 65 percent of all tariff lines for qualifying developing countries. Of more relevance to African LDCs is the EBA scheme, which provides for duty-free access, subject to a quota for sensitive (to the EU) commodities, across all products except arms and armaments.

The impact of mega-regionals is most likely to be felt in the market access arena. Even then, this depends on the extent to which an African country utilizes the corresponding preferential access scheme, the country's export structure, and whether any mega-regional country exports the same products to the market in question. On the positive side of the ledger, the fact that trade complementarities in Africa's trade with the EU and United States are high might lead to enhanced market access, but with the potential disadvantage of locking in African economies as commodity exporters.[54] This could affect African countries' ability to upgrade in GVCs.[55] On the other hand, diversification of export baskets would expose African economies to competition from Asian countries with more competitive products, some of which are negotiating TPP, meaning they could acquire preferential market access into the same U.S. market that Africa will be competing for.[56] Finally, the fact that TTIP, TPP, and the Regional Comprehensive Economic Partnership (RCEP) in Asia, centered on China, incorporate the major GVC hubs of the world could also disincentivize MNCs from investing in sub-Saharan Africa outside of the resource sector or for efficiency-seeking purposes.[57]

The impact on African trade is also subject to other factors. Africa's impressive growth patterns have increased its attractiveness and have seen different external partners tussle for increased engagement in trade and investment. The United States and EU are essentially competing for enhanced economic influence on the continent within the context of shifts in Africa's trade and investment patterns toward emerging economies such as China, India, and Brazil. Discussing AGOA possibilities post-2015, Mevel et al. posit that an integrated Africa, with concluded EPA agreements and an extended AGOA, would deflect any potential trade diversion if TTIP is implemented, especially with increased intra-African trade.[58]

Given that the EU remains Africa's biggest trading partner, TTIP has the greatest implications as far as impact on current market access is concerned. Since there are 33 LDCs in Africa, out of a total of 54 countries, the future of EBA is particularly important. No major changes seem to be in the cards, so the most serious challenge for individual African states is the possibility

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[54] Draper, Ramkolowan, and Lacey.

[55] Draper and Ismail.

[56] Ron Sandrey, "Mega-Regional Trade Agreements and South Africa's Trade Strategy: Implications for the Tripartite Free Trade Area Negotiations," *Occasional Paper 195*, South African Institute of International Affairs, 2014.

[57] Draper and Ismail.

[58] Simon Mevel, Zenia Lewis, Mwangi S. Kimenyi, Stephen Karingi, and Anne W. Kamau, *The African Growth and Opportunity Act: An Empirical Analysis of the Possibilities Post-2015* (Washington, DC; Addis Ababa, Ethiopia: Brookings; United Nations Economic Commission for Africa, July 2013).

of being graduated from the scheme upon achieving a consistently higher development status. Since the continent as a whole is growing rapidly, this possibility is likely to assert itself in coming years. In this light, the EPAs are particularly important since they offer current and future non-LDCs the security of a PTA with the EU. However, EPAs generally do not cover much beyond market access for goods, so the regulatory agenda associated with TTIP would still have to be engaged in such cases.

Concerning AGOA, the process of renewing it beyond the legislation's October 2015 expiration is underway. There appears to be consensus on both sides of the political aisle in the U.S. Congress that the scheme should be renewed, but also revamped. At this stage, it is not clear what directions the revamping might take; and Congress' failure to renew GSP does not augur well for negotiating or passing a new version. Therefore, those African states, like Lesotho, that depend on AGOA market access would be well advised not to place long-term reliance on the legislation. In addition, it is quite possible that the revamping process could culminate in some kind of graduation procedure, or a glide path toward ultimate termination. If this were to be the case, then African states would need to consider entering into PTAs with the United States in order to maintain and deepen market access.

China is reportedly moving toward formalizing its trade and investment arrangements with Africa, and this will add another dimension to the current EPA and AGOA discussions.[59] China will continue to constitute a growing market for traditional African exports, principally commodities. But sustained development is ultimately linked to economic diversification, which requires adding value to exports and upgrading in value chains. China could well be a part of this story, particularly by relocating medium-sized manufacturing firms to the continent,[60] but the markets for such products will almost certainly be primarily in the developed countries, especially the United States and EU.

It is more difficult to discern how these trends will play out at country levels, let al.one regional levels in Atlantic Africa — that would require a detailed study. Nonetheless, it is apparent that three of the major economic powers in that broad arc — South Africa, Angola, and Nigeria — are pursuing increasingly inward-looking trade strategies. In Southern Africa, Namibia is increasingly mimicking its South African neighbor, a strategy that draws on and resonates with developments in some of their landlocked SADC neighbors, notably Zimbabwe and Zambia. Ghana stands out as a country seemingly intent on pursuing a more outward-looking trade strategy, and Morocco is the only African country to conclude a PTA with the United States while also participating in the Euromed agreements with the EU along with its North African counterparts in the AMU. For the rest, it is not clear that trade strategy — whether of a more liberal or inward-looking posture — features high on the policy radar screen. At the continental level, "smart industrial policy" is being actively pushed and gaining

59 Ibid.

60 Martin Davies, Peter Draper and Hannah Edinger, "Changing China, Changing Africa: Future Contours of an Emerging Relationship," *Asian Economic Policy Review*, vol. 9, no. 2 (July 2014), 180-197.

traction in various regional policy networks.[61] These ideological currents draw from and feed growing resource nationalism, which leads to a particular take on the GVC "narrative." And since investment inflows into the continent are gathering pace, this trend releases the pressure to reform from African states that are skeptical of trade and investment policy liberalization. By contrast, in non-Atlantic Africa, a counter-trend toward trade and investment liberalization is discernible, notably in Kenya and Rwanda. Furthermore, the African Development Bank is advocating a view more consistent with the GVC agenda.[62] This also feeds into the continental conversation on trade.

Overall, we do not discern a clear continental divide among the African economies akin to the sharp three-way split in Latin America. The question is whether sharper divisions will emerge should the mega-regionals successfully conclude.

Implications for Their Trade Strategies

For Atlantic South America and Atlantic Africa, much depends on how two issues play out. First, will TPP and TTIP conclude? And second, how much does it matter if a country is left out of their regulatory scope? Following are three potential outcome scenarios.[63]

Mega-Regional Negotiations Scenarios

Full Success

Under a scenario of "full success," one could expect a free-trade zone spanning the Asia-Pacific region and covering 40 percent of global GDP, with tariffs completely eliminated and barriers to investment completely removed, and another free trade zone covering the trans-atlantic space, of similar scope and magnitude. But this scenario is also commonly referred to as "utopia," since some tariffs and some barriers to investment will inevitably remain on the most politically sensitive items, and both TPP and TTIP are only likely to go part way in tackling the now much more important issue of behind-the-border trade barriers in the form of domestic regulation. The protectionist intent lurking behind many such regulations is best unmasked in the context of dispute settlement, and for this, the WTO is likely to remain the forum of choice for most, if not all, parties to TPP and TTIP.

Nonetheless, if one hews to the full success scenario, then "competitive liberalization" will subsequently roll across the planet and wrap all up in its path. Already, we see that China is closely watching the TPP process, and calibrating its own domestic economic reform program to mirror potential negotiating outcomes to the extent possible. Similar, albeit more embryonic, discussions are taking place in other significant developing countries such as India, Brazil, and South Africa. If China moves to join TPP, as it has in the case of the TISA negotiations, then the pressure on outsider countries will rise enormously.

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[61] Economic Report on Africa 2013. *Making the Most of Africa's Commodities: Industrializing Growth, Jobs and Economic Transformation* (Addis Ababa, Ethiopia: United Nations Economic Commission for Africa, 2013).

[62] OECD/AFDB/UNDP.

[63] This section is sourced from Draper, Ramkolowan, and Lacey.

Partial Success
The more likely scenario of the three is "partial success," since trade agreements always involve trade-offs and compromises, and both mega-regionals are almost certain to fall somewhat short of the lofty and ambitious goals aspired to in their founding declarations. This is simply a manifestation of the age-old maxim that trade agreements involve a set of second- or even third-best policy choices. Be that as it may, even if TPP manages to consolidate existing liberalization efforts undertaken by all the parties to it, and to provide domestic political cover for implementing reforms to some of the most intractable domestic economic problems in member countries (Japanese rice subsidies come to mind), this will still represent considerable progress. Similarly, TTIP is likely to be relatively comprehensive on the tariff front but also to involve numerous regulatory compromises. Nonetheless, this scenario would be a significant outcome from the standpoint of promoting global trade liberalization and regulatory convergence. If the latter operates primarily through a mutual recognition agreement (MRA) modality, through which outsiders' access to both markets is enhanced, then the result could be positive for outsiders and the global trade system.

If the partial success scenario unfolds, then outsider countries will have more wiggle room, more time to adjust their trade strategies, and more policy space to pursue. However, this scenario is likely to be accompanied by ongoing stasis in the WTO, since the major developed countries that have traditionally exercised leadership over the global trading system would not have been able to decisively seize the initiative. The pressure on outsider countries to forge reciprocal trade arrangements with the major developed countries would increase somewhat, but probably not much further than where it currently stands. Much depends on the shape of the partial success outcome.

Failure
Given the advanced stage of TPP talks, and the enormous amount of political capital that has already been spent by leaders in such countries as the United States, Japan, and Germany, it is unlikely that either negotiation will be allowed to fail. Instead, negotiators will do what GATT negotiators did after six years of negotiations in the Tokyo Round, which is to draw a line in the sand and call failure a success.[64] Here, one envisages a much more modest agreement that fails to provide a single tariff schedule for goods among all parties to TPP, significant exclusions in TTIP, and with both limited to a set of largely hortatory declarations on achieving future progress in areas where the talks have proven difficult (e.g., IPR, environment, and labor).

The domestic political economy constraints in a number of countries are formidable, in particular the United States, which is at the center of both negotiations. The Republican-dominated House of Representatives is seemingly determined to deny U.S. President Barack Obama any kind of positive outcomes whatsoever; the Obama administration's commitment to trade and investment liberalization is at most lukewarm and predicated solely on the objective of increasing U.S. exports; and Obama faces opposition from much of his political supporters in

[64] GATT negotiators failed in the Tokyo Round to bring agricultural trade more fully under GATT disciplines, or to end the proliferation in vertical export restraints by concluding a safeguards agreement, both of which had to wait until the Uruguay Round.

the Democratic Party. The U.S. electorate has lost much of its appetite for these kinds of deals, particularly with the dominant political narrative regarding NAFTA still being that it ultimately moved many U.S. jobs offshore. One could argue that for the United States, the electoral math for a sweeping trade deal like this one just is not there, as evidenced by the difficulties the Obama administration is now having in merely obtaining trade promotion authority (TPA). Without TPA, both the TPP's and TTIP's ultimate scope and effects will be constrained. This may be the realistic scenario ultimately.

If the negotiations fail, then the immediate pressure will be off outsider countries. However, there could well be a backlash from the United States and the EU, since this scenario would hasten potential Chinese leadership of the global trading system. In the interregnum, positioning among the major powers would likely be intense, and pressure on outside countries to yield reciprocity in their trade relations with these powers would therefore likely escalate substantially beyond current levels. Furthermore, this scenario would likely mean that the WTO would be stuck in the doldrums with no leadership from any quarter as the major powers jostle to shore up regional alliances. In the medium term, outsider countries would need to adjust to a multipolar trading system. This may present some opportunities to play the major powers off against each other in order to bolster domestic economic priorities, although that can be a risky game to play. However, since the China card would be very much in play, outsider countries would need to ask serious questions about Chinese trade diplomacy, its underlying interests, and associated strategies for pursuing those interests. At the very least, China is likely to pursue a more hard-headed approach to securing them, which, if properly harnessed, could be very beneficial to outsider countries.[65]

Does Negotiating Success Matter to Excluded Countries?

Crucially, the impact of negotiating success to external countries depends very heavily on how one defines success. Some parties, particularly certain civil society groups, may define success as a collapse in the talks and thus the failure of TPP and TTIP to culminate in the envisaged PTA. Our view is that success would be a PTA based on the solid consensus of all of the parties to the talks, with major trade liberalizing effects for goods, services, and investments, as well as measurable progress in reforming some of the most intractable political economy choke-holds that a limited number of commodities have exercised on the world trade system for many decades. This is necessarily a globally systemic view, and not one rooted in the particular interests of any country or group of countries, whether insiders or outsiders. Ultimately, we believe these two negotiations do offer the prospect of positively deepening global economic integration, even as we remain alive to the challenges that they pose to poorer countries less capable of matching up to the more rigorous standards they imply. Furthermore, the thread that runs through all three scenarios is that the pressure on outside countries to adhere to rigorous behind-the-border regulatory norms and to liberalize trade policies is very unlikely to disappear. It may fluctuate depending on the scenario, but to stick one's head in the sand and hope it will never return does not seem to us to be a viable strategy.

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[65] Davies, Draper, and Edinger.

Broad Implications for Atlantic Latin America and Sub-Saharan Africa

Clearly the countries in Atlantic Latin America and sub-Saharan Africa that are already inclined to pursue integration into GVCs by way of regulatory upgrading and trade and investment policy liberalization will be better placed to manage the transitions heading their way. Those that adopt a more skeptical posture will likely continue with their domestic status quo while beefing up regulatory capacities and mitigating liberalization to the maximum extent that current policy space affords. Those that reject free trade altogether, principally the ALBA states in Latin America, are unlikely to be moved to change their view if TPP and TTIP pass, even if they suffer from trade diversion. Of course, nothing is predetermined, and domestic political economies, interacting with powerful external headwinds, will continue to play decisive roles in each individual state.

Based on current trends, though, a reasonably clear pattern is discernible on the Latin American side of the geographical equation. The interesting question is whether we are seeing the early signs of a potential convergence of trade strategies across the Atlantic. For example, in the recent fracas over concluding the protocol for accession of the WTO's Trade Facilitation Agreement agreed to in Bali in December 2013, South Africa played an active role in attempting to block adoption of the protocol. In this process, it received support from the ALBA group in particular.[66] It is not inconceivable that other African trade-skeptic nations, notably Angola and Nigeria, could increasingly align their strategies along these lines. A countertrend — embryonic alliances amongst more liberal-minded states — is not currently evident.

Conclusion

From the foregoing, it is clear that much is at stake, from the grubby details of trade negotiating minutiae, to the strategic implications of being left outside mega-regional trade agreements as a new global trading system is potentially constructed. In the Latin American case, it is quite unlikely that the "industrial policy camp" hinging on Argentina and Brazil, which in a sense constitutes the trade policy equivalent of a geopolitical "frontier zone," would shift course dramatically in response to mega-regionals, since there are strong domestic political economy constraints on doing so. Nonetheless, these are also the most regionally significant economies and therefore their postures bear close watching, particularly in their ongoing negotiations to establish an EU-Mercosur PTA. The other two groupings — the Pacific Alliance and ALBA — seem set on their own courses and are unlikely to shift camps in the absence of a decisive resolution regarding the critical question as to whether TTIP and TPP will succeed, and if so, on what terms.

Whereas the contours of reactions to mega-regionals are reasonably clear in the Atlantic Latin American case, the picture is decidedly muddier in the Atlantic African case. That region is in the early stages of redefining its trade and investment relations with the EU, in particular — a process that has been fraught, to say the least. The United States is in the early stages of reacting to the EU's evolving network of EPAs in Africa, through adjusting the AGOA frame-

[66] Authors' interviews and discussions with senior trade officials in Geneva, July 2014.

work. It has also witnessed the political fallout from the EPA saga and no doubt does not wish to unnecessarily jeopardize its position in one of the last economic growth frontiers in the world. But both the EU and United States feel compelled to respond to China's embrace of the African continent, a fact that gives substantial leverage to Africans. For their part, African elites seem not to have engaged fully with the rapidly changing strategic trade and investment landscape, but the new realities will increasingly intrude onto African countries' agendas. As they do, each country will have to assess the extent to which it wishes to embrace the new playing field, particularly with respect to domestic regulation. At this stage, it is not clear what regional, or sub-regional, patterns of response in terms of the free trade-industrial policy spectrum, will emerge. But it would be surprising if they did not.

Memory Dube is a senior researcher at the South African Institute of International Affairs, and Peter Draper is the director of Tutwa Consulting.

3 The Atlantic Trade of Agricultural and Mineral Commodities

Eckart Woertz

Introduction

During the first decade of the 2000s, prices of agricultural and mineral commodities rose dramatically. The Food and Agriculture Organization (FAO) food price index almost doubled between January 2006 and June 2008; by that time, the Brent oil benchmark price reached $140 and had roughly tripled from its levels in 2004-05. Minerals like copper, aluminum, and iron ore saw similar price developments. The price of diammonium phosphate (DAP) increased five-fold from January 2007 to April 2008, from $262 to $1,218 per ton.

Commodities markets were severely disrupted as governments sought to either insulate themselves from the effects of increased price volatility or to capitalize on it. High prices, tax breaks, and government support for research and development enabled the unconventional natural gas and oil revolution in the United States. Food exporter nations like Russia, Argentina, India, and Vietnam enacted export restrictions out of concern for their own food security. Middle Eastern countries, which are the largest food importers in the world, felt a shock, increased strategic storage, and were seeking direct access to food production via land investments abroad. China limited exports of rare earth metals (REM), which are indispensable for high-tech and green energy industries, and allocated them to its domestic manufacturers on a preferred basis.

As China currently has a virtual monopoly with 95 percent of the global REM trade, the United States, the EU, Japan, and others initiated legal procedures at the WTO. The United States also commissioned studies to establish its vulnerability and later proposed legislation to spur domestic REM mining capacities.[1] Germany signed commodities partnership agreements with Kazakhstan, Mongolia, and recently Peru.

Other policy measures included increased recycling, spurring innovation to achieve efficiency gains, environmental regulation, and the formulation of comprehensive strategies for the commodities sector. Among the G20 member states, interference was particularly pronounced in East Asia. Western Organisation for Economic Co-operation and Development (OECD) countries focused more on providing framework conditions while leaving actual implementation of policy measures to the private sector.[2]

All these policy measures were largely national. International governance and institutions are underdeveloped in the commodities sectors. Only energy, particularly oil, has a more advanced institutional framework. It goes back to the oil shock of the 1970s when the International Energy Agency (IEA) was established to coordinate global petroleum reserves. More recently, the Joint Organisations Data Initiative (JODI) was founded in 2001 to improve information and transparency in global oil and gas markets. In the same vein, the G20 launched

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[1] *Report to Congress: Rare Earth Materials in Defense Applications*, (Washington, DC: U.S. Department of Defense, 2012); *Critical Materials Strategy*, (Washington, DC: U.S. Department of Energy, 2011); Alessandro Bruno, "Congress Ponders Legislation to Encourage Rare Earth Production," *InvestorIntel*, August 1, 2014, http://investorintel.com/rare-earth-intel/edging-closer-us-legislation-demanding-higher-domestic-rare-earth-production/.

[2] Hanns Günther Hilpert and Stormy-Annika Mildner (eds.), *Fragmentation or Cooperation in Global Resource Governance? A Comparative Analysis of the Raw Materials Strategies of the G20* (Berlin: Stiftung Wissenschaft and Politik (SWP)/German Institute for International and Security Affairs, March 2013).

the Agricultural Market Information System (AMIS) in 2011. For metals, there are only a few international governance institutions with limited reach, such as the International Study Groups on Lead, Zinc, Copper, and Nickel.

The need for reform in the commodities sector lost some of its urgency after 2008 as prices corrected. Many investment banks have slimmed down their commodities trading departments. Demand has been restricted by the economic crisis in many OECD countries, and there have been positive supply-side reactions, such as the growth of unconventional oil and gas production as well as new mining and drilling projects coming on stream, which are traditionally cyclical because they have long lead times due to their high fixed-capital costs and construction needs. Yet, prices of commodities rebounded in 2010 to approach the highs of 2008 and entered a more leveled correction in the years after 2011. They still remain considerably above their long-term averages, and institutions like the IEA or the FAO expect them to remain on structurally higher levels in the future. Thus, commodities and their governance will likely remain on the policy agenda.

The U.K.-based think tank Chatham House has suggested establishing a Resources 30 (R30) group to improve international resource governance. It would provide a platform for countries that have "systemic significance" as producers and consumers of raw materials in global markets.[3] Similarly, the International Food Policy Research Institute (IFPRI) has suggested coordinating food reserves internationally and countering commodities speculation with a "virtual reserve" that could intervene in markets in the case of overshooting of prices.[4] However, this plan has been criticized for not being practical and for overestimating the abilities of governments and supranational bodies to second-guess market outcomes.[5]

China has been a focus of international commodities dynamics because of the raw materials needs of its industrialization drive. Self-sufficient in oil until 1993, it overtook the United States as the world's largest net oil importer in 2013. In 2004, it also turned into a net importer of food. In 2014, it gave up its traditional stance of grain self-sufficiency and a modest import component is now part of government planning. For animal feedstock, import dependence is already a reality. In the 2000s, China dramatically increased its imports of soybeans as its population increasingly consumes meat and dairy products. Over 70 percent of its soybean supplies now come from abroad, mostly from Brazil, followed by the United States and Argentina. China is also a center for global metal markets. It accounts for between 38 and 45 percent of global demand for aluminum, lead, copper, nickel, zinc, tin, and steel.[6]

China is the largest global producer of these metals, too, but it needs to import them increasingly from abroad, as with energy and food items. To this end, it initiated its Going Global Strategy in 1999 and has engaged in foreign investments in the commodities sector. Countries

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3 Bernice Lee et al., "Resources Futures," *Chatham House Report* (London: Chatham House, 2012).

4 Joachim von Braun and Maximo Torero, "Implementing Physical and Virtual Food Reserves to Protect the Poor and Prevent Market Failure," *IFPRI Policy Brief* (Washington, DC: International Food Policy Research Institute, 2009).

5 *Agricultural Outlook 2010-2019* (Paris: OECD-FAO, 2010).

6 Hilpert and Mildner, 18; Lee et al.

from the Atlantic Space have been among targeted countries, most prominently in Africa and Latin America.[7] While undoubtedly important, the extent of this investment drive has often been overstated, as Deborah Brautigam has outlined, especially as far as agricultural investments are concerned.[8] In comparison, the substantial intra-Atlantic trade has received relatively little attention.

Against this backdrop, this chapter maps the intra-Atlantic trade of agricultural and mineral commodities and outlines its significance for economic development models in the Atlantic Space. First, it illustrates the macro-level trade flows between the four sub-sets of North America, Latin America and the Caribbean, the European Union, and Africa and compares them with the trade of Greater China (China, Taipei, Hong Kong, and Macao). Then it goes in depth on different commodities and countries in each sub-section, highlighting their major commodities trading partners.

The data is based on the Trade Map dataset of the International Trade Center in Geneva, which, in turn, largely relies on the UN Commodity Trade Statistics Database (UNCOMTRADE) with some additions from Eurostat and national data providers (http://www.trademap.org/stDataSources.aspx). The dataset has 99 product codes, of which the codes 01-27, 31, 40-1, 44-5, 50-2, 68, and 71 have been chosen to represent the category of commodities. Some of them also include intermediate goods with a degree of processing. Drawing the line in this differentiation has not always been easy and can be debated. Refined fuels, fertilizers, flour, and woven cotton fabric, for example, are included, but chemicals and apparel are not. Other analysts may exclude some of the former or include some of the latter; the chosen product codes for this chapter are intended to give a representative overview of the diversity of the commodities trade.

Overview: Commodities Trade within the Atlantic vs. China

Figure 1 shows the exports in 2013 of the five sub-regions to each other: Greater China, North America, Latin America and the Caribbean (LAC), the EU, and Africa. The largest commodities exports are from Africa to the EU, followed by LAC to North America, with a similarly large share the other way around. In comparison, and contrary to a widespread media image, African exports to Greater China are less than half those to the EU. However, they are significantly larger than those from Africa to North America and on a similar level as those from LAC to the EU, North America to Greater China, North America to the EU, and the other way

[7] For the purposes of this chapter, the Atlantic Space denotes the whole of North America, Latin America and the Caribbean, and Africa, as well as the 28 member states of the European Union. The Atlantic Basin only comprises countries with an Atlantic coastline and the European Union. While the northern parts are the same in both cases, the Atlantic Space concept is wider as it includes all of North Africa (not only Morocco) and Central and East Africa, as well as the western countries of Latin America: Chile, Peru, Bolivia, Paraguay, and Ecuador.

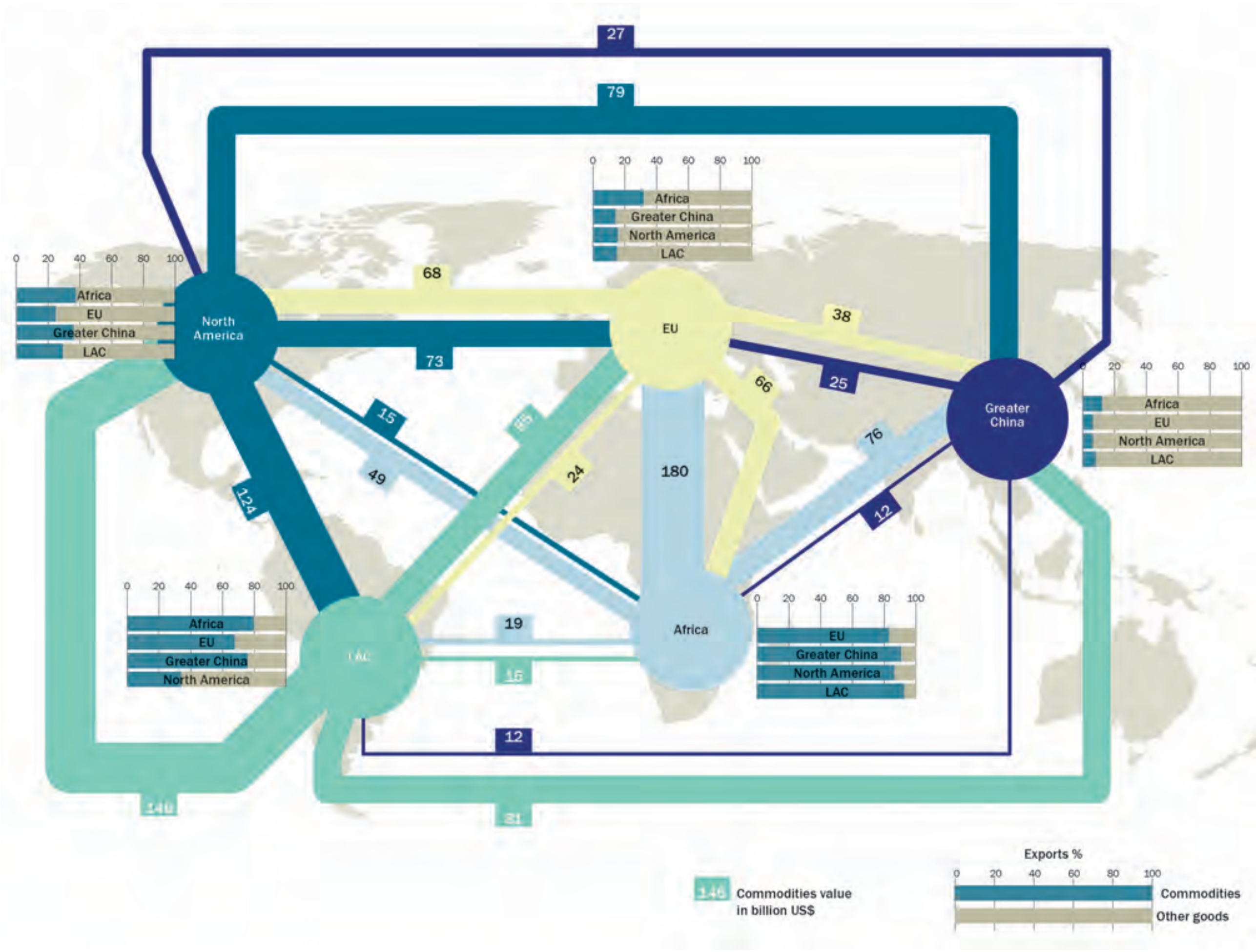
[8] Deborah Brautigam, *The Dragon's Gift: The Real Story of China in Africa* (Oxford; New York: Oxford University Press, 2009); Brautigam, "'Zombie' Chinese Land Grabs in Africa Rise Again in New Database!," *China in Africa: The Real Story* [blog], April 30, 2012, http://www.chinaafricarealstory.com/2012/04/zombie-chinese-land-grabs-in-africa.html; Brautigam, "Chinese Engagement in African Agriculture: Fiction and Fact," in Allan et al. (eds.), *Handbook of Land and Water Grabs: Foreign Direct Investment and Food and Water Security* (Abingdon: Routledge, 2013).

around. Commodities exports from Greater China to any of the other four sub-groups are relatively small, as are those from LAC and North America to Africa and from Africa to LAC.

The strong ties in commodities trade between North America and LAC on one hand and the EU and Africa on the other bear witness to a certain persistence of colonial and quasi-colonial trade patterns, when the two sub-groups in the northern hemisphere developed their respective southern counterparts in the Atlantic Space as suppliers of raw materials. Yet, important qualifications are in order and new trends can be detected.

The share of Greater China is by no means negligible; particularly in sectors like metals in Africa or soybeans in LAC, it has become a major client. While China does not export a lot of commodities to any of the other four sub-regions, it has developed into a major exporter of manufactured goods, so its trade ties are much more substantial if total goods trade is taken

Figure 1: Commodities trade within the Atlantic space and with Greater China, 2013



into consideration (see Figure 1). While commodities still dominate total African exports, some countries in LAC like Brazil or Mexico have developed a manufacturing base and export substantial amounts of processed goods, especially to North America but also to the EU and China. While relatively small in absolute numbers, significant South-South trade relations have emerged in some areas. Morocco is a major provider of fertilizers to Brazil, for example, while Brazil and Argentina are large exporters of sugar, cereals, and meat to Africa.

Mineral fuels dominate the commodities trade between the five sub-groups, with a share of 45 percent of the total. They are followed by precious metals and stones (9.6 percent); ores like iron ore, copper, zinc, lead, and manganese (6.7 percent); oil seeds like soybeans (4.5 percent); rubber and rubber products (3.2 percent); cereals (2.4 percent); fruit (2.3 percent); various vegetables (2.3 percent); and wood and articles thereof (2 percent). Meat and fish have shares of 1.8 and 1.7 percent, respectively. Residues, food industry waste, and animal fodder constitute 1.8 percent, sugar 1.2 percent, cotton 1.1 percent, fats and oils 1 percent, and cocoa 0.9 percent. Fertilizers have a share of the total of 1 percent. However, some products like phosphoric acid that are used for the production of fertilizer are part of the product category of inorganic chemicals, which has not been included in the commodities group as used in this article, so, the share of fertilizer-related commodities is actually higher.

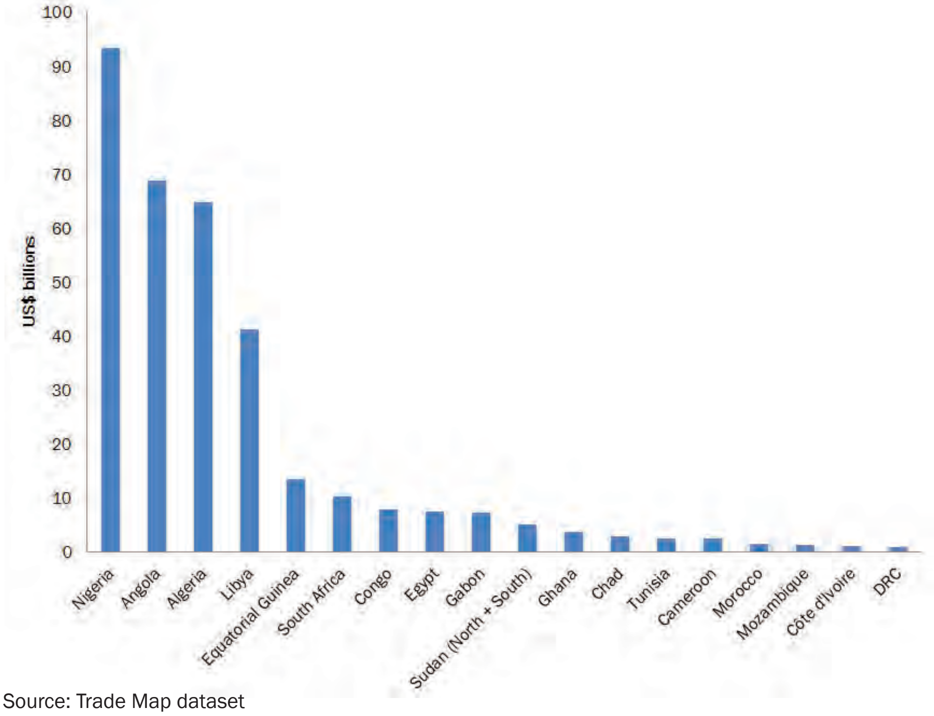
African Commodities Trade Relations

Mineral fuels dominate Africa's commodities exports to the other four sub-regions, with a share of 68 percent. They are heavily concentrated in a few countries, mainly Nigeria, Angola, Algeria, Libya, and Equatorial Guinea (see Figure 2). Even in smaller exporting nations like Gabon, Cameroon, the two Sudans, or the Republic of Congo, mineral fuels constitute a majority of foreign exchange revenues. Over half of the fuel exports are directed to Europe (55 percent), followed by Greater China (23 percent). However, some countries in sub-Saharan Africa like Sudan and South Sudan, the Republic of Congo, the Democratic Republic of Congo (DRC), and Angola predominantly export to China. While most fuel exports consist of crude oil, South Africa and Mozambique export coal. Some of Africa's exporters, like Nigeria or Angola, are at the same time substantial importers of refined petroleum products like gasoline and diesel because they have failed to build up corresponding refining capacities. Meanwhile, there are African countries that do not have crude oil or are net importers of it, but which export some refined products even though on balance they are net importers of these items, such as South Africa, Morocco, and Egypt (see Figure 3).

Apart from mineral fuels, major commodities exports include ores, precious metals and stones, and cocoa and fruit (see Figure 4). Striking geographical concentrations can again be observed. Guinea exports the lion's share of Africa's aluminum ores and concentrates. The same is true for the DRC for cobalt and for Zimbabwe for nickel. Niger and Namibia are the world's fourth and fifth largest producers of uranium, respectively, after Kazakhstan, Canada, and Australia.[9]

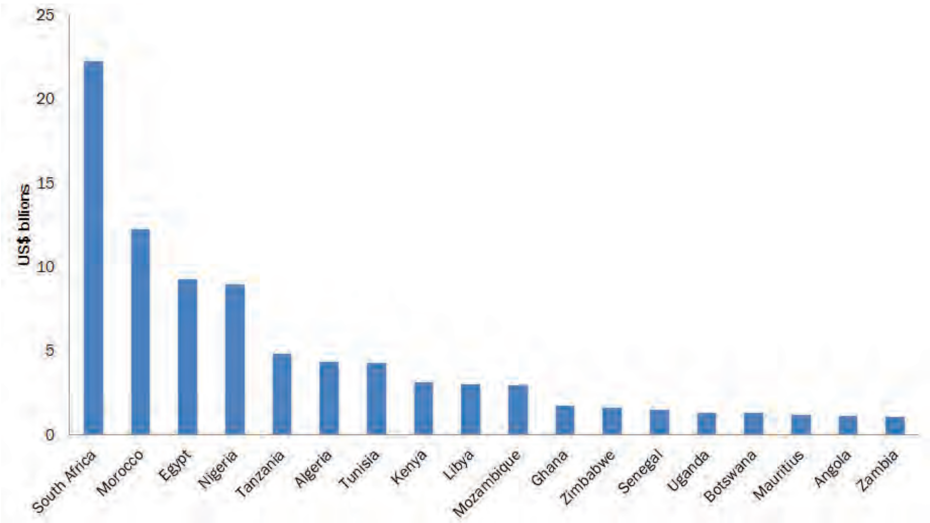
[9] World Nuclear Association, "World Uranium Mining Production," July 2014, http://www.world-nuclear.org/info/Nuclear-Fuel-Cycle/Mining-of-Uranium/World-Uranium-Mining-Production/.

Figure 2: Major African exporters of mineral fuels and refined products, 2013, in $ billions



Source: Trade Map dataset

Figure 3: Major African importers of mineral fuels and refined products, 2013, in $ billions



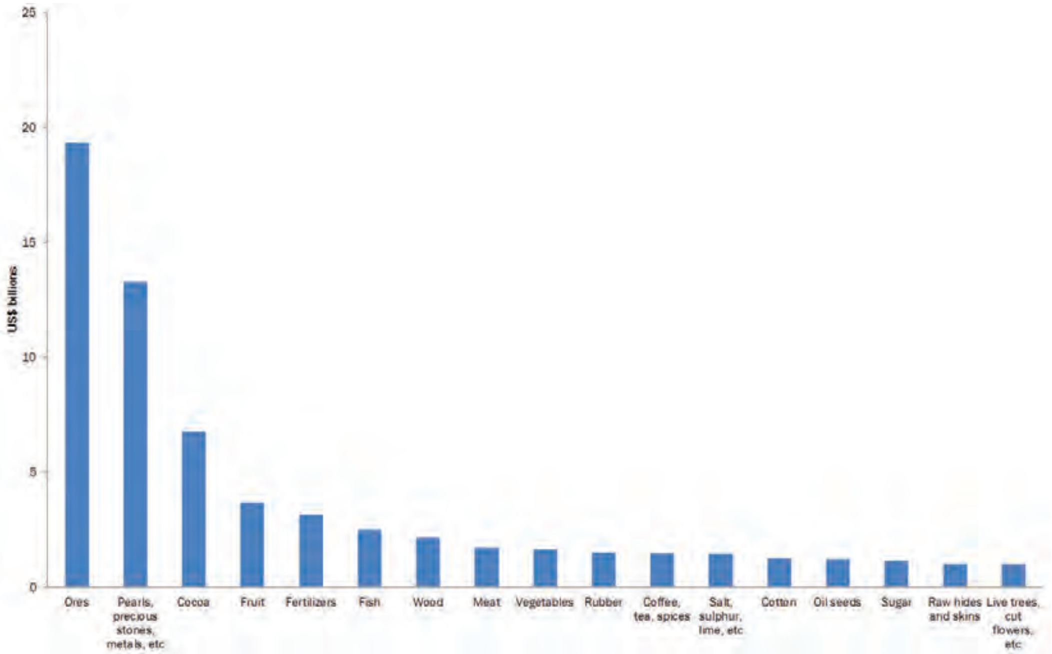
Source: Trade Map dataset

South Africa accounts for about three-quarters of global platinum production and is the continent's dominant ore producer. As recently as 2006, it was still the world's largest gold producer, but due to an aging gold mining industry and institutional problems, it has been surpassed by China, Australia, the United States, Russia, and Peru since then. Its other main export items are coal, diamonds, and ores like iron ore, manganese, chromium, titanium, copper, niobium, tantalum, vanadium, and zirconium. It also has substantial exports of fruit, iron and steel, aluminum, and refined petroleum products. Unlike other African countries, it has only a relatively modest trade deficit in cereals since its corn exports counterbalance wheat and rice imports. In comparison to other African countries, it also has a sizable industrial base with substantial non-commodities exports like machinery and vehicles.

South Africa's major trading partners for precious metals and stones are Japan, Switzerland, the United States, the U.K., Hong Kong, Belgium, and Germany. On one hand, this reflects the platinum demand in countries with large car manufacturing industries (Japan, Germany, and the United States), which use platinum for catalyzers. On the other hand, the respective countries are centers of gold, platinum, and diamond trading and have substantial jewelry industries.

Like in other African countries, China is South Africa's main export partner for ores, with $8 billion out of a total of $13.7 billion in ore exports. Aside from South Africa, major iron ore

Figure 4: Major non-fuel commodities exports, Africa to the four other sub-regions, 2013, in $ billions



Source: Trade Map dataset

exporters are Mauritania, Sierra Leone, and Liberia. Mauritania, Namibia, and Botswana are significant exporters of copper, while Gabon and Ghana are for manganese, Morocco is for lead and zinc, and Namibia is for zinc.

Diamonds are a major export item in Botswana, South Africa, Namibia, Angola, Zimbabwe, Lesotho, the DRC, and Sierra Leone, and have been associated with funding extraordinarily brutal militias. This resulted in a wish to limit the trade of "conflict diamonds" and the creation of the Kimberley Process (KP) Certification Scheme in 2003. However, substantial loopholes have allowed for circumvention of the Process. The Belgian company Omega Diamonds, for example, managed to whitewash up to $3.5 billion worth of conflict diamonds from Angola, the DRC, and Zimbabwe and funneled them into the legitimate diamond trade by obtaining KP certificates in a complicated triangular trade via Dubai and Antwerp.[10]

Classical tropical agricultural commodities play an important role in many African countries, like cocoa in Côte d'Ivoire, Ghana, and Nigeria; coffee and tea in East Africa; wood in Cameroon, South Africa, Gabon, and Côte d'Ivoire; and cut flowers in Kenya and Ethiopia. Apart from the wood trade with China, most of these exports are directed toward Europe. Morocco, Namibia, South Africa, Mauritania, and Senegal are also large exporters of fish.

In terms of cereals, however, sub-Saharan Africa is one of the largest net importers globally with 29 million tons, after the Middle East and North Africa (MENA) with 92 million tons and East Asia with 66 million tons. Most of these imports come from Europe, South America, North America, India, and Thailand (see Figure 5). Cereals constitute a major drain on foreign exchange in many African countries. In Côte d'Ivoire and Benin they are the second largest import item, while in Cameroon and Senegal they are roughly 10 percent of total imports. While the food import dependence of the MENA region is likely to remain because of its natural limitations,[11] sub-Saharan Africa in theory would have considerable land and water resources. The African Union hopes to close existing yield gaps and double agricultural productivity by 2025.[12]

Some countries import more luxurious food items, often driven by a pronounced dualistic economic structure and the dietary change of privileged urban classes that have benefited from booms in natural resources. Angola imports $855 million worth of meat, over half of it poultry, mostly from Brazil and the United States, while spirits are the sixth largest import item of Equatorial Guinea.

Morocco has developed into a crucial provider of fertilizer inputs to agricultural exporter nations. After a massive upward revision of its phosphate reserves, first by the International Fertilizer Center in 2010 and then by the U.S. Geological Survey in 2011, it now holds about

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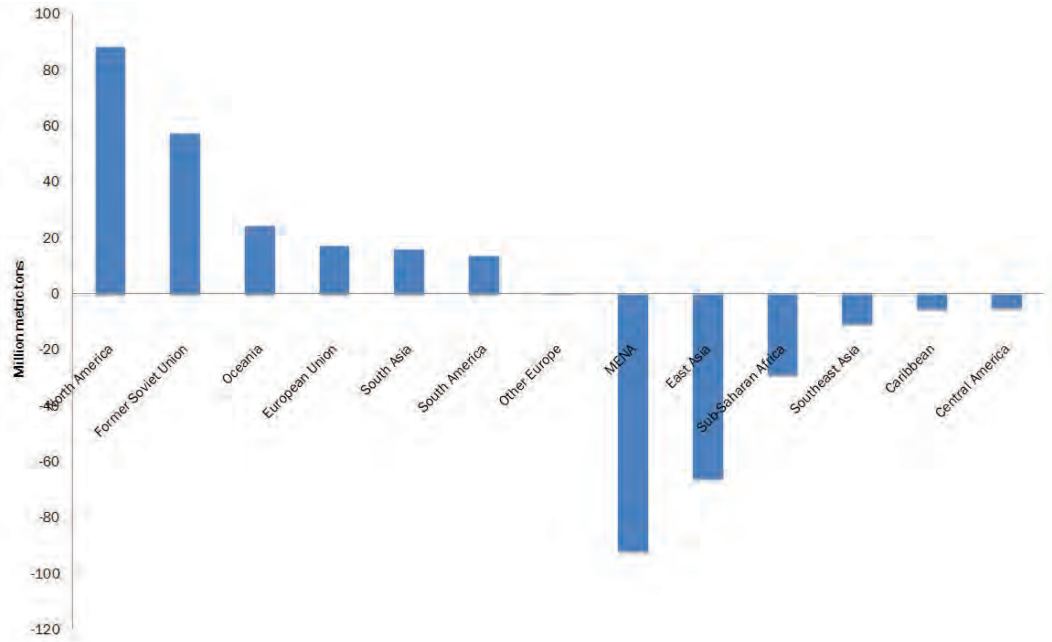
[10] Khadija Sharife and John Grobler, "Kimberley's Illicit Process," *World Policy Journal*, vol. 30, no. 1 (Winter 2013/14).

[11] Eckart Woertz, *Oil for Food: The Global Food Crisis and the Middle East* (Oxford ; New York: Oxford University Press, 2013).

[12] Mark Kinver, "Green Revolution Meeting Considers Africa's Food Future," *BBC*, September 1, 2014, http://www.bbc.com/news/science-environment-29013095.

Figure 5: Net trade in cereals, 2013-14, in millions of metric tons



Source: Trade Map dataset

three-quarters of global phosphate reserves.[13] Morocco is the world's largest exporter of phosphates and it ranks third in terms of phosphate production, with 15 percent, following China and the United States.[14]

The state-owned OCP Group manages the entirety of mining, beneficiation, and processing of phosphate derivatives in Morocco.[15] It launched an ambitious $9.1 billion modernization drive in 2008 and wants to build a globally integrated "phosphate hub" by 2020 that includes underground slurry pipelines to reduce transport costs and an enhancement of the value chain of phosphate production into downstream activities like the production of DAP fertilizer.[16]

In 2013, fertilizers were the third largest Moroccan export item after electronics and apparel with $1.9 billion. Brazil imported more than half of this amount, followed by the United States with 10 percent. Phosphoric acids exports were $1.5 billion and went mainly to India and Pakistan. Phosphate rock exports were $1.1 billion and went to a wide variety of clients, with the United States, India, and Brazil being the most important. The share of phosphate mining

[13] U.S. Geological Survey, Mineral Commodity Summaries 2011 (Reston, Virginia: U.S. Geological Survey, 2011), 119, http://minerals.usgs.gov/minerals/pubs/mcs/2011/mcs2011.pdf.

[14] Steven van Kauwenbergh, *World Phosphate Rock Reserves and Resources* (Muscle Shoals, Alabama: International Fertilizer Development Center, 2010); U.S. Geological Survey, *Mineral Commodity Summaries 2011*.

[15] The OCP Policy Center, a co-editor of this report, is supported by OCP Foundation.

[16] Pascal Croset, *L'ambition au Coeur de la Transformation. Une Leçon de Management Venue du Sud* (Paris: Dunod, 2012).

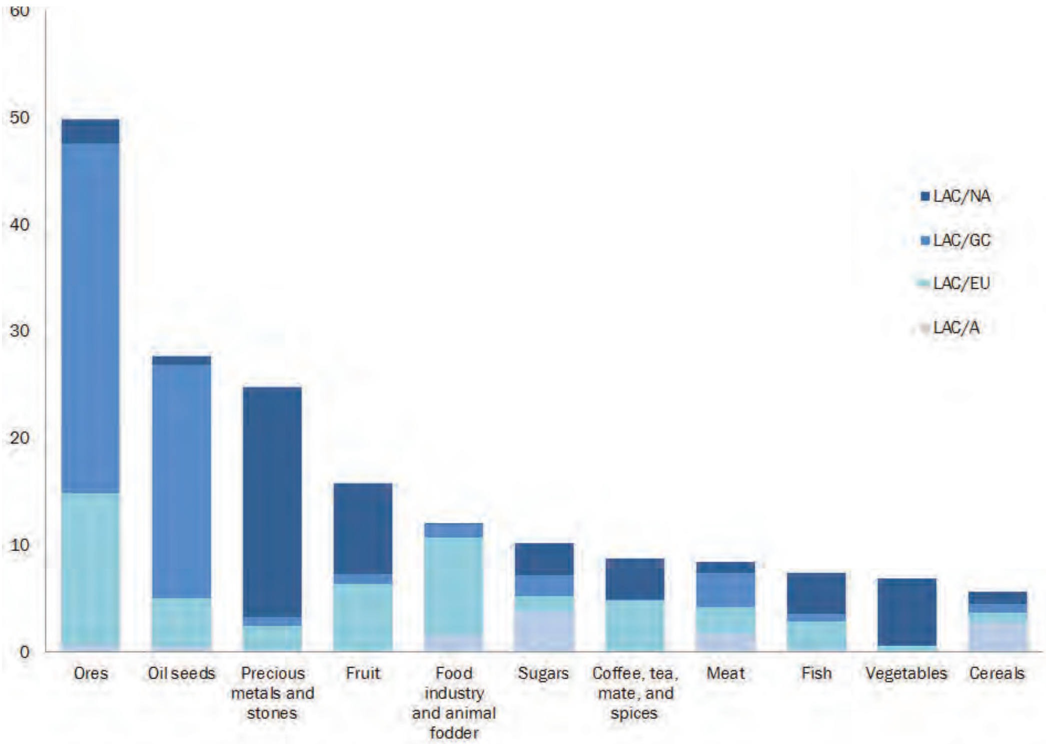
in foreign trade is not as high as during the boom year of 2008, when it was above 30 percent, but is still quite high with about 20 percent.

Latin America and the Caribbean Commodities Trade Relations

In contrast to Africa, Latin America and the Caribbean (LAC) has a larger share of manufactured goods in overall exports, yet commodities and mineral fuels still play a dominant role. Because Venezuela stopped reporting its oil exports in 2012, mineral fuels are underrepresented in the data. Without Venezuelan oil exports, the share of commodities in total exports to the four other sub-regions was 48 percent in 2013 and the share of mineral fuels and refined products in total commodities exports 31 percent.[17] About 70 percent of these fuels were exported to North America, 20 percent to the EU, and 10 percent to Greater China. Hardly any went to Africa.

Among major non-fuel commodities exports, China dominates as a destination for ores and oil seeds, followed by the EU (see Figure 6). North America only plays a minor role here, but

Figure 6: Major non-fuel commodities exports, LAC to the four other sub-regions, 2013, in $ billions



Source: Trade Map dataset

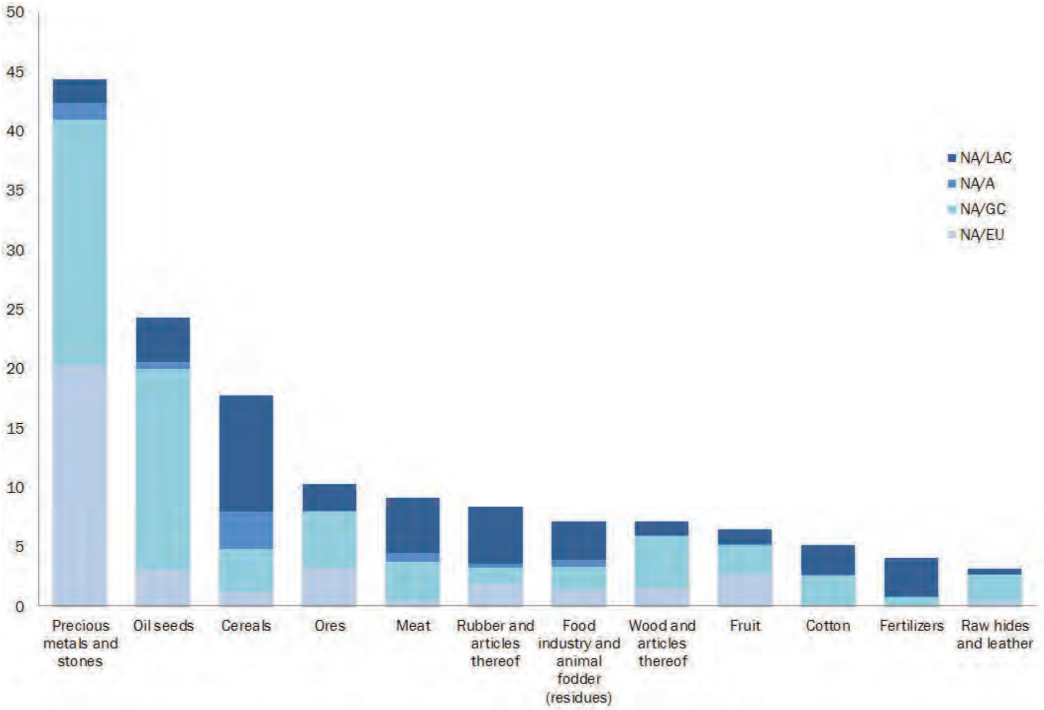
[17] If Venezuela's oil exports of 2012 of $88.2 billion were added to the 2013 data as a proxy, the respective shares would be 54 percent and 46 percent.

it is the major destination for precious metals and stones. More luxurious food items like fruit, vegetables, fish, and coffee are mainly exported to Europe and North America. Africa only plays some role in the case of cereals, sugar, and meat.

Brazil is one of LAC's dominant exporters, notably of iron ore, soybeans, meat, and sugar. It has also developed into a crude oil exporter in recent years. Argentina, Uruguay, and Paraguay are similarly major exporters of cereals, oil seeds, animal feed, fats and oils, and meat products. The most important fuel exporters apart from Venezuela are Mexico, Colombia, Brazil, Ecuador, Trinidad and Tobago, and Bolivia. Besides crude oil exports, there is a significant intra-LAC natural gas trade, with Bolivia as an exporter of note.[18]

In contrast to the southern part of LAC, countries such as Venezuela and Colombia, and most of Central America and the Caribbean, are substantial net importers of cereals and other foodstuffs (see Figure 5). Like Kenya and Ethiopia, Colombia is a large exporter of cut flowers. Major exporters of precious metals are Mexico, Peru, Brazil, Colombia, Argentina, and Chile. The latter is also the largest copper producer in the world with about one-third of global

Figure 7: Major non-fuel commodities exports, North America to the four other sub-regions, 2013, in $ billions



Source: Trade Map dataset

[18] Energy Information Agency, *Liquid Fuels and Natural Gas in the Americas*, (Washington, DC: Energy Information Agency, 2014).

production. It accounts for over half of LAC's copper exports, followed by Peru with over one-quarter.

North American Commodities Trade Relations

As an industrialized region, North America (the United States and Canada) has a diversified trade structure, yet some commodities play a surprisingly large role. They constitute 30 percent of the total trade with the other four sub-regions. Mineral fuels and refined products again dominate commodities exports, comprising 38 percent. In the United States, they are the third largest export item after machinery and electronic equipment. While Canada is a net exporter of crude oil, mainly to the United States, the latter is still a net importer, despite the recent production surge of domestic tight oil from shale formations. Because crude oil exports have been legally constrained in the United States since the oil crisis of the 1970s, any exports would require legal changes in the case of further production growth.[19]

However, the United States is a large exporter of refined products and also coal. There is, for example, a lively transatlantic exchange and arbitrage trade in diesel and gasoline. The European car fleet has a larger share of diesel vehicles, and U.S. refiners are looking to foreign outlets for their diesel product slate. The European refineries, on the other hand, have been geared toward maximized gasoline output. They have not been able to accommodate the European rise in diesel consumption, while they simultaneously look for export outlets for the surplus gasoline they are producing. Due to an upsurge in the U.S. refining industry as a result of its domestic shale boom, some European gasoline exports will likely shift to other world regions. The primary customers of U.S. refined products exports are Canada, Mexico, and the Netherlands, followed by other countries in Europe and LAC.

Surprisingly, the largest non-fuel commodities exports from the United States are precious metals and stones, mostly gold and diamonds. At $72 billion, they are its seventh largest export item overall. This not only reflects considerable domestic production, but also a re-export trade of imported precious metals from LAC and elsewhere. New York is a center for the trade of such commodities, and North American mining companies have a large portfolio of international mining operations. Most of these exports go to other trading centers of precious metals and stones such as Switzerland, Hong Kong, the U.K., India, Israel, Belgium, and the United Arab Emirates.

Like in Brazil, oil seeds are big business in North America. Almost half of these exports, mostly soybeans, go to China as feedstock for livestock. Japan, Mexico, Indonesia, and Germany follow in a far distance. North America has the largest global exports of cereals, 60 percent of which are wheat (see Figure 5). Major destinations are LAC, Africa, and China. The United States is also the world's largest fruit exporter before Spain, the Netherlands, and Chile. Apart from refined products, precious metals and stones, ores, and rubber and fruit, Europe plays a more limited role in other North American commodities exports.

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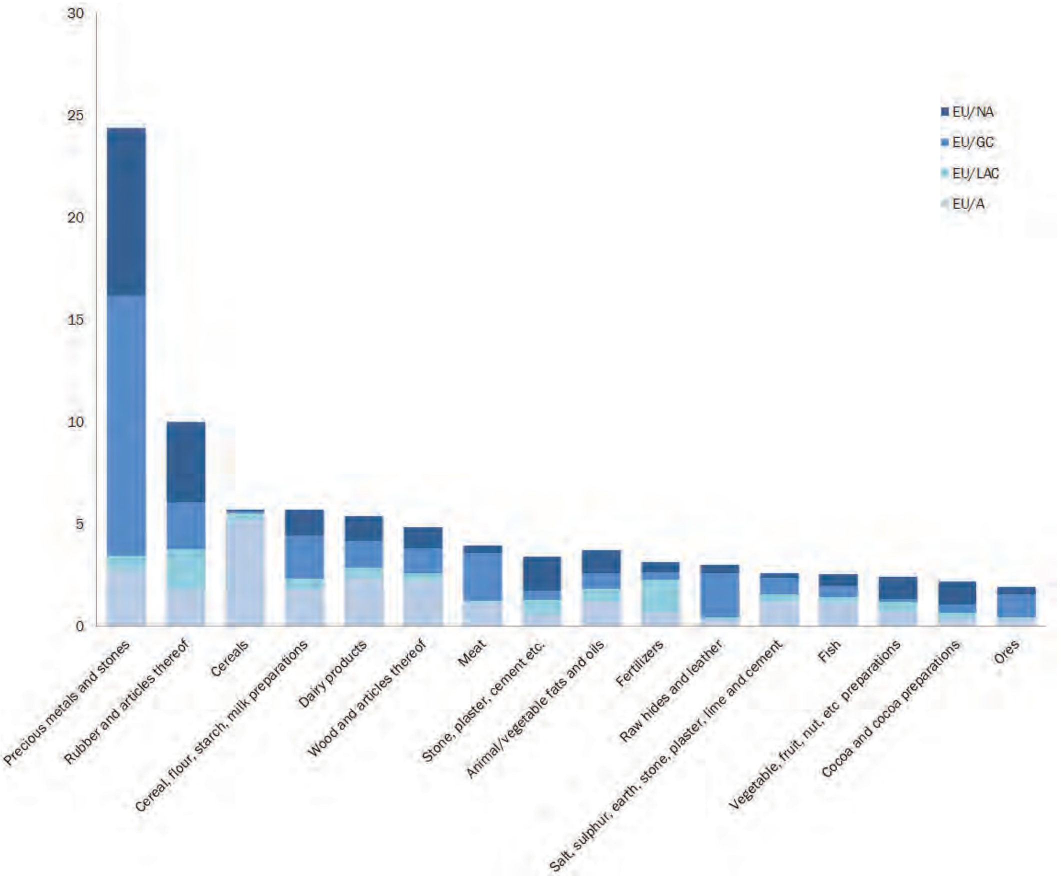
[19] Tim Boersma and Charles K. Ebinger, *Lift the Ban on U.S. Oil Exports* (Washington, DC: Brooking's Institution, 2014).

EU Commodities Trade Relations

Europe is relatively poor in raw materials and relies to a large degree on imports. Commodities only constitute 19 percent of its overall exports to the other four sub-regions, and they often comprise intermediate goods like refined petroleum products or already processed food items like flour. Mineral fuels and refined products constitute 36 percent of the mutual commodities trade. The Netherlands, with its refining hub in Rotterdam, accounts for one-quarter of related EU exports, and refined products out-number crude oil and natural gas by a factor of three to one. Besides the diesel-gasoline exchange trade with North America described above, African countries like Nigeria are major clients because of their lack of refining capacity.

As in North Africa, the second-most important EU commodities exports are precious metals and stones, mostly gold and diamonds, with Greater China as a major destination among the

Figure 8: Major non-fuel commodities exports, EU to the other four sub-regions, 2013, in $ billions



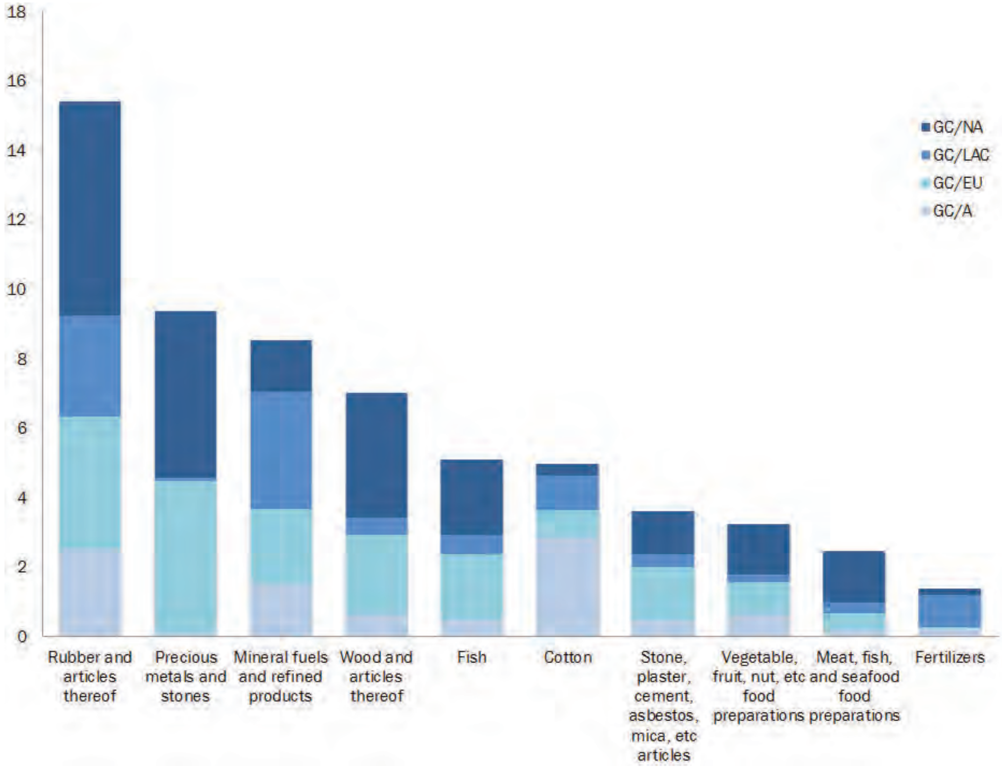
Source: Trade Map dataset

other four sub-groups (see Figure 8). Africa is a major client for cereals, flour, meat, milk, and dairy products from Europe. This not only reflects agricultural shortcomings in Africa, but also the questionable practice of agricultural subsidies in the EU and the subsequent need to dispose of surplus production abroad via marketing efforts, export promotion, and foreign aid. Even though such subsidies have been greatly reduced since the reform of the EU's Common Agricultural Policy in 2003, when policy changed from commodities price support to direct financial support for farmers, considerable support schemes still remain in place. On the other hand, Europe is a main recipient of Africa's exports of tropical agricultural products like cocoa, coffee, and cut flowers.

Greater China Commodities Trade Relations

China's hunger for raw materials is legendary. As has been seen in the preceding sections, it has developed into a major importer of crude oil, soybeans, precious metals, and ores from Africa, LAC, and North America. Trade with LAC increased 22 fold between 2000 and 2012, driven by Chinese exports of manufactured goods and imports of raw materials. Yet China

Figure 9: Major non-fuel commodities exports, Greater China to the other four sub-regions, 2013, in $ billions



Source: Trade Map dataset

also has some commodities exports of its own, even though they only constitute 7 percent of its total exports to the other four sub-regions (see Figure 9).

Rubber and articles thereof is the largest Chinese commodities export, followed by precious metals and stones, mostly in the form of jewelry. On balance, however, China is a net importer of these items, while the other four sub-regions are net exporters. It needs to be noted that precious metals and stones figure prominently as commodities exports in all five sub-groups, but that there are also considerable imports in all cases. One country might import raw diamonds and export cut and polished ones or trade unwrought gold against jewelry. Most importantly, gold is a store of value and a discrete means of payments, which invites transactions that are not covered by statistical recordings. This points to some of the considerable differences in trade balances that cannot be explained by time lags and differences of statistical methods alone. For example, gold is smuggled to India (primarily from Dubai), while Iran has circumvented financial sanctions by receiving payment for gas exports to Turkey in gold.

China also exports some fruit and seafood, mainly to North America and Europe. It exports fertilizers to LAC, from where it receives agricultural commodities like oil seeds. A large share of its cotton exports go to Africa and consist of woven cotton fabrics. Actual apparel is exported in even larger quantities to Africa and is not included under this item.

The African textile industry has been badly hit by cheap Chinese textile imports over the last two decades. Employment in the South African textile industry declined from 300,000 workers in 1996 to 120,000 in 2010, for example.[20] The relative job losses in Nigeria were even more pronounced—776,000 out of 800,000 by one count.[21] Chinese textile companies opened up branches in Africa to piggyback on the African Growth and Opportunity Act (AGOA), which became law in the United States in 2000 and granted privileged access to the U.S. market for African companies. Thus, contrary to its intention, the effects of the act for the African textile industry have been devastating.

As China faces rising wages due to its domestic economic boom, some of its lower paying textile jobs have moved to countries with even cheaper wage levels, mostly in Asia, but some Chinese companies have also opened production facilities in Africa. The Chinese exports of intermediate goods like woven fabric hint at considerable commercial and private production of apparel in Africa. The textile industry is typically a labor-intensive industry and has played a role in the early stages of development in many countries of the world. It remains to be seen how globalized value chains of the textile industry will develop in the future and whether Africa might be able to reclaim some of its past job losses in this sector.

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[20] Lorenzo Rotunno, Pierre-Louis Vézina, and Zheng Wang, "The Rise and Fall of (Chinese) African Apparel Exports," *CSAE Working Paper*, Centre for the Study of African Economies, 2012; Wang Fangqing, "China's Textile and Clothing Firms Expand in Africa," *Just-Style*, December 18, 2012.

[21] Ifeanyi Onuba, "776,000 Jobs Lost in the Textile Industry—FG," *The Punch*, February 12, 2013, http://www.punchng.com/business/business-economy/776000-jobs-lost-in-textile-industry-fg/.

Commodities: Between Development and the Resource Curse

The following conclusions can be drawn from the above analysis of the transatlantic trade in commodities:

- Mineral fuels dominate the global trade of commodities, and the Atlantic Space is no exception.
- No country in the world is energy independent. There is a varied trade of refined products besides the trade in mineral fuels. Some crude oil exporters like Nigeria, Angola, Mexico, and Brazil are net importers of such refined products. Net importers of crude oil like the United States and the EU, on the other hand, are net exporters of refined petroleum products.
- China has developed into a major importer of mineral fuels, oil seeds, ores, and precious metals from Africa, Latin America and the Caribbean, and North America. Yet, despite this widely publicized rise of China, the Atlantic trade in commodities is still a dominant factor in global comparison.
- Transatlantic trade ties in commodities are particularly close between North America and LAC, on one hand, and between Europe and Africa, on the other. Trading relations between North America and Africa and between the EU and LAC are also substantial. The focus of this North-South trade is on mineral fuels, ores, precious metals, oil seeds, and tropical agricultural products like cocoa, coffee, and fruit. There is not only a lively trade of refined products from North America and the EU to Africa and LAC, but also between the two northern blocs of the Atlantic Space.
- In comparison, South-South trading relations lag behind in the Atlantic Space. However, because of its underdeveloped agricultural potential, Africa is a major importer of cereals and sugars, which partly come from LAC, and Morocco has developed into a major supplier of fertilizers to Brazil.

These conclusions raise the question of how commodities might contribute to development or hinder it, as the resource curse argument suggests. It posits that over-reliance on resource-based wealth tends to lead to an underdevelopment of other sectors of the economy, leading to lower overall growth rates, less sustainable long-term growth, and unstable, corrupt institutions. The "Dutch Disease" debate has already pointed to the negative repercussions of booming commodities exports since the resulting real effective exchange rate appreciation affects competitiveness of other tradable goods. The resource curse debate has moved beyond this economic realm and argued that there are also negative political and institutional implications in the form of rent-seeking and capture of resource rents by elites with ensuing corruption and buying off of larger publics with populist policies.[22]

[22] Michael Lewin Ross, *The Oil Curse: How Petroleum Wealth Shapes the Development of Nations* (Princeton, NJ: Princeton University Press, 2012); Richard Auty, *Resource-Based Industrialization: Sowing the Oil in Eight Developing Countries* (Oxford: Clarendon Press, 1990); Alan Gelb, *Windfall Gains: Blessing or Curse?* (Oxford: Oxford University Press, 1988); Jeffrey Sachs and Andrew Warner, "Natural Resource Abundance and Economic Growth," *NBER Working Paper N°5398* (December 1995).

However, mining can create linkages with broader economic development and has actually been a knowledge industry in the industrial development of the United States from the late 19th to the middle of the 20th century.[23] Similarly, there have been examples in the 1990s (e.g., Chile, Brazil, and Peru) where the mining sector underwent a learning curve and a process of embedded institutionalization that contributed to development rather than hindering it. Similarly, the mining sectors of Australia and Canada have allowed these countries to develop a competitive edge in the production of related machinery and technology. Even in relatively non-transparent settings like in the Gulf countries, resource rents have been invested successfully in state-owned enterprises in fields like petrochemicals, airlines, and aluminum smelting. As "islands of efficiency," they have been insulated from the bloated bureaucratic structures of rent allocation and have been allowed to operate freely and develop a culture of professionalism.[24]

Resource curse phenomena undoubtedly exist and have led to particularly pernicious outcomes during the resources boom of the 1970s. Yet, rather than seeing them as inextricably linked to natural resources as such, one should not rule out the possibility in principle that their exploitation can be embedded in institutional settings and in a learning and adaptation environment that allows them to make a positive development contribution.[25]

Considerable potential exists to enhance the value chain of commodities production into refining, fertilizer production, and other value-adding processes like textile manufacturing. To take advantage of such options, developing human capital in South Atlantic countries is necessary to assimilate related technologies. In the future, these countries could even become leaders of innovation in selected commodities sectors to increase the value added and the degree of processing. Other challenges relate to political issues. Many African and Latin American countries in the Atlantic Space would need to work on their development strategies and respective institutional frameworks, participate in international efforts toward more transparency in commodities exploitation, and weed out corrupt practices by holding their elites accountable via democratic checks and balances.

Eckart Woertz is a senior researcher at the Barcelona Centre for International Affairs (CIDOB).

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23 Gavin Wright, "The Origins of American Industrial Success, 1879-1940," *The American Economic Review*, vol. 80, no. 4 (1990).

24 Giacomo Luciani (ed.), *Resources Blessed: Diversification and the Gulf Development Model* (Berlin; London: Gerlach Press, 2012); Steffen Hertog, "Defying the Resource Curse: Explaining Successful State-Owned Enterprises in Rentier States," *World Politics*, vol. 62, no. 2 (2010).

25 Gavin Wright and Jesse Czelusta, "Exorcizing the Resource Curse: Minerals as a Knowledge Industry, Past and Present," *Stanford University, Department of Economics, Working Papers* (2002).

4 A Dynamic Global Energy Hub: Atlantic Gas, Oil, and Renewables

Kristine Berzina

Introduction

Energy resources around the Atlantic Ocean are booming. Trade ties have linked the four Atlantic continents for centuries, but today new energy resources and innovative energy business models are encouraging new connections and growth opportunities throughout the basin. Never before has the region had the ability to develop the variety of energy resources it does today. From new oil and gas sources to solar power and biofuels, the Atlantic Basin is harnessing the wealth of its resources for economic development and to increase the region's global significance.

The story of the United States' unconventional oil and gas boom is now familiar across the globe. Through new technologies, the United States is overcoming its dependence on imported fuels and is emerging as a new natural gas and possibly oil producer for the world. But the benefits of these new technologies are not limited to the United States. Hydraulic fracturing and offshore drilling techniques are giving Brazil, Argentina, Angola, and South Africa the opportunity to overhaul their energy futures.

Similarly, renewable energy is burgeoning in the Atlantic Basin. Europe has invested heavily in transitioning its energy system to a low carbon model by promoting renewable energy sources. As revolutionary as the European project has been, the greatest potential for renewables lies in the rest of the world. Europe's quick expansion of photovoltaic solar panels has made this technology cheaper for countries seeking new ways to achieve greater electrification. In Africa, for example, renewable technologies are stimulating economic development in areas that are not connected to electricity grids.

The innovative technologies developed in the North Atlantic are leading to inventive business models in the South, many of which will eventually change how energy systems are organized in North America and Europe. In particular, new mobile telecommunications technologies have the potential for changing trade dynamics in the Atlantic Basin.

Still, the abundance of resources needs to be paired with appropriate regulatory frameworks to ensure responsible energy production. For the successful development of Atlantic resources, the countries surrounding the basin need to share best practices in regulation, environmental protection, and investment paradigms. Only then will the region maintain its leading role in setting energy trends for the future.

Greater cooperation in the energy sector can also help integrate the region and build closer ties across various sectors. Energy cooperation in post-war Europe through the European Coal and Steel Community provided the impetus for strengthening regional interconnectivity and identity. The Wider Atlantic community already is trading natural resources, technical capacity, and regulatory best practices. Sustained effort on these issues can help shape the Atlantic Basin not only into a cooperative and vibrant energy hub but also into a dominant economic area.

New Oil and Gas Resources

Countries around the Atlantic Basin have a long history of oil and gas production. From Canada and Norway to Nigeria and Venezuela, oil and gas resources are plentiful. But in the past decade, new techniques for accessing shale gas and oil have expanded the resources available. Natural gas production in the United States had been tapering off when new technologies — pairing horizontal drilling with hydraulic fracturing — allowed companies to access previously unrecoverable resources. Immediately, the United States shifted its energy trajectory. Since 2009, the United States has out-ranked Russia as the world's top natural gas producer and is preparing to become a natural gas exporter. The shale gas boom has been followed by a shale oil bonanza in areas such as the Bakken formation in North Dakota and Eagle Ford in Texas. Between 1993 and 2013, the U.S. proven oil reserves have grown by approximately 50 percent.[1]

The new technologies for accessing shale gas and oil have tremendous implications for the rest of the Atlantic Basin. Shale gas and oil resources are available in all four Atlantic continents. Six of the top ten countries with technically recoverable shale gas reserves are in the Atlantic Basin — Argentina, the United States, Canada, Mexico, South Africa, and Brazil — as are five of the top ten countries with technically recoverable shale oil reserves (see Tables 1 and 2).[2]

Table 1: Top ten countries — shale gas (Atlantic Basin countries are marked in bold)

Country	Technically Recoverable Shale Gas Resources (trillion cubic feet)
China	1,115
Argentina	802
Algeria	707
United States	665
Canada	573
Mexico	545
Australia	437
South Africa	390
Russia	285
Brazil	245

Source: U.S. Energy Information Administration, *Technically Recoverable Shale Oil and Shale Gas Resources: An Assessment of 137 Shale Formations in 41 Countries Outside the United States* (Washington, DC: EIA, June 2013), http://www.eia.gov/analysis/studies/worldshalegas/pdf/fullreport.pdf.

Table 2: Top ten countries — shale oil (Atlantic Basin countries are marked in bold)

Country	Technically Recoverable Shale Oil (billion barrels)
Russia	75
United States	58
China	32
Argentina	27
Libya	26
Australia	18
Venezuela	13
Mexico	13
Pakistan	9
Canada	9

Source: U.S. Energy Information Administration, *Technically Recoverable Shale Oil and Shale Gas Resources: An Assessment of 137 Shale Formations in 41 Countries Outside the United States* (Washington, DC: EIA, June 2013), http://www.eia.gov/analysis/studies/worldshalegas/pdf/fullreport.pdf.

1 BP, *BP Statistical Review of World Energy* (London: BP, June 2014), http://www.bp.com/content/dam/bp/pdf/Energy-economics/statistical-review-2014/BP-statistical-review-of-world-energy-2014-full-report.pdf.

2 According to the U.S. Geological Survey, technically recoverable reserves are resources in accumulations producible using current recovery technology but without reference to economic profitability.

The Atlantic littoral states have different approaches to developing their shale resources. Their development will be influenced by the quality of the shale gas resources, countries' regulatory preparedness to enter a new area of fossil fuel exploration, and the perceived significance and desirability of the resources. Nevertheless, the existence of the newly accessible resource is a game-changer for countries that have been unable to set their own energy agendas.

In Europe, exploration for shale gas is perceived in some countries as a critical development and in others as a dangerous or undesirable activity. The U.K. and Poland are pursuing shale resources. Both countries are traditional fossil fuel producers and see the potential resources as important to their energy policies. But in France and Bulgaria, exploration for shale resources using hydraulic fracturing has been banned due to concerns over groundwater contamination and environmental pollution. Other European states fall in between the two, with various restrictions or inducements in place.

The U.K., a traditional natural gas and oil producer with large fields in the North Sea, has seen its oil and gas production decline by over 60 percent in the last decade.[3] By encouraging the development of shale resources, the U.K. aims to improve its energy security. Two of the six pillars of U.K. Energy Secretary Edward Davey's Energy Security Strategy reference the importance of shale gas for countering North Sea decline.[4] The potential production of shale oil, in particular, can affect the economic prosperity of the U.K. The consultancy PwC anticipates that development of the U.K.'s shale oil resources will lead to an increase of £500-800 (roughly $825-1,325) in GDP per capita.[5]

In Poland, shale gas exploration is seen as crucial not only for economic development but for countering the risks of dependence on natural gas imports from Russia. The potential significance of developing domestic shale gas resources has grown since the 2014 crisis in Ukraine. Not only would more domestic gas resources make Poland more independent in its energy supplies, but solutions that work for Poland may work for Ukraine as well. The Lublin basin, a major shale area, extends across the border into Western Ukraine. If it were developed successfully, the basin would provide energy solutions to both Poland and Ukraine. Unfortunately, the exploration process has not gone as well as hoped. The U.S. Energy Information Administration has cut estimates of Poland's shale gas reserves, reducing the estimates for the Lublin basin from 44 trillion cubic feet in 2011 to 9 trillion cubic feet in 2013.[6] Three international oil

3 BP.

4 Edward Davey, "Speech by Edward Davey MP to the Economist Energy Summit on the U.K.'s Energy Security," *Department of Energy & Climate Change*, June 10, 2014, https://www.gov.uk/government/speeches/uk-energy-security-active-government-smart-intervention.

5 Adam Lyons, "Government Report on Shale Oil Reserves in the South of England — PwC Response," *PwC Press Release*, May 23, 2014, http://pwc.blogs.com/press_room/2014/05/government-report-on-shale-oil-reserves-in-the-south-of-england-pwc-response.html.

6 U.S. Energy Information Administration, *Technically Recoverable Shale Oil and Shale Gas Resources: An Assessment of 137 Shale Formations in 41 Countries Outside the United States* (Washington, DC: EIA, June 2013), http://www.eia.gov/analysis/studies/worldshalegas/pdf/fullreport.pdf.

and gas companies — ExxonMobil, Total, and Marathon — ended their activities in Poland, though Chevron and ConocoPhillips remain.[7]

In Latin America, new oil and gas resources and changes to regulatory regimes are transforming the energy sector. Mexico is opening up its oil and gas sector to foreign investors after having nationalized its oil fields 75 years ago. The reforms are slated to modernize the sector, improve efficiency, and increase the production of its plentiful oil and gas reserves. The International Energy Agency anticipates that Mexico's oil production will increase by 75 percent.[8]

The shale revolution promises wealth for Argentina and Brazil, both of which are on the list of top ten countries with shale gas reserves. The potential contribution of these resources to national prosperity is discussed in political speeches and news stories, even though production is still five years away in Argentina and nearly ten years away in Brazil.[9] In Argentina, which has the second most shale gas assets in the world, the Vaca Muerta region is the site of booming exploration. International oil and gas companies including ExxonMobil, Shell, and Chevron are active in the area and hopeful that good geological conditions will lead to high production on the site. Unlike Poland, the Argentine basin has geological conditions that are cheaper to develop than initially anticipated. But government policy and actions could delay a windfall. The 2012 nationalization of the shares of Spain's Repsol in the Vaca Muerta region scared investors and could continue to dampen the area's attractiveness for investment.[10]

Brazil's oil and gas industry is benefitting from new discoveries, though onshore shale resources are only a small portion of Brazil's oil and gas reserves. The biggest developments in Brazil's oil and gas sector are happening offshore. Historically, most of Brazil's oil reserves have been in shallower water in the Atlantic Ocean. But in the past ten years, more super-giant oil fields have been discovered in very deep water off the coast of Brazil than anywhere else in the world. These "pre-salt" oil basins lie more than 18,000 feet beneath the surface of the ocean. These fields will be very challenging to develop and would require high levels of investment, but if successful, the IEA anticipates that by 2035, Brazil will be the world's sixth largest oil producer.[11]

Brazil needs better sources for natural gas. At present, it buys approximately one-third of its gas from Bolivia and supplements its own resources with expensive liquefied natural gas. But as the world's tenth largest shale gas country, Brazil could become more self-sufficient by following the example of the United States and Argentina and developing its shale resources.[12]

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[7] Anna Koper, "Poland Cuts Estimate for Shale Gas Exploration Wells," *Reuters*, July 31, 2014, http://uk.reuters.com/article/2014/07/31/poland-shalegas-minister-idUKL6N0Q438P20140731.

[8] Michael Casey, "Mexico Poised for an 'Energy Renaissance' Following Reforms," *Fortune,* August 25, 2014, http://fortune.com/2014/08/25/mexico-poised-for-an-energy-renaissance-following-reforms/.

[9] The Economist, "Shale Gas in Argentina: Dead Cow Bounce," *The Economist*, August 23, 2014, http://www.economist.com/news/americas/21613314-politics-biggest-hurdle-developing-enormous-vaca-muerta-field-dead-cow-bounce; Jeff Fick, "Brazil Auctions Shale Oil, Natural Gas Blocks," *The Wall Street Journal,* November 28, 2013, http://online.wsj.com/news/articles/SB10001424052702304017204579226222410683930.

[10] The Economist, "Shale Gas in Argentina: Dead Cow Bounce."

[11] International Energy Agency, *World Energy Outlook 2013* (Paris: OECD/IEA, 2013).

[12] Fick.

For now, shale gas development is moving slower than the development of Brazil's offshore resources. An October 2013 auction for concessions only attracted the interest of four international oil and gas companies, and development is unlikely to move quickly unless the government sets regulations on the use of hydraulic fracturing to establish a predictable regulatory framework for the new exploration activities. The shale concessions are largely in remote areas with limited natural gas infrastructure, and it is unclear whether Brazilian electricity producers are able to pay for natural gas at high enough prices to justify developing the resource. Moreover, Brazil lacks local expertise and the technology required to scale up shale gas production. Given the present conditions, significant shale gas production is unlikely before 2025.[13]

On the other side of the Atlantic, the development of new oil and gas resources is also underway. Angola has been an oil producer since 1955 and is the second biggest oil producer in sub-Saharan Africa, but the recent discoveries of pre-salt oil off the coast of Brazil have reinvigorated Angola's oil and gas sector. The Atlantic Mirror Theory suggests that Angola may also have plentiful pre-salt hydrocarbon resources both on shore and offshore because of the geological similarities between Brazil's and Angola's Atlantic coastlines, which date back to the splitting of the South American and African tectonic plates to create the two continents. Angola issued tenders to explore the pre-salt formations in 2011 and will do so again in 2014.[14]

South Africa is also taking steps to appraise and explore shale gas resources. As in Europe, the potential for shale gas is attractive as a driver of economic growth and a reprieve from expensive imports, but developing the reserves is highly controversial because of potential environmental risks. The Karoo region of South Africa has more shale gas than all of Brazil. Because of Karoo's reserves, South Africa is the eighth most shale-gas-rich country in the world.

South Africa needs new domestic energy sources. At present, the country is mired by blackouts and is heavily reliant on coal for its power. Domestic shale gas could help South Africa ensure stable electricity supplies and improve the carbon footprint of its power sector.[15] As a result, South Africa's government is negotiating with Royal Dutch Shell on plans to begin exploration. The fate of shale gas in South Africa is unclear. Local environmental groups are opposed to exploration for shale gas and are calling for a moratorium on hydraulic fracturing.[16]

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[13] Ieda Gomes, "Brazil: Country of the Future or Has Its Time Come for Natural Gas?" *Oxford Institute for Energy Studies Paper: NG 88* (June 2014), http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/07/NG-88.pdf.

[14] U.S. Energy Information Agency, *Angola: Analysis Brief* (Washington, DC, EIA, February 5, 2014), http://www.eia.gov/countries/analysisbriefs/Angola/angola.pdf; Tim Ridout and Scott Estrada, "The Atlantic Mirror: The South Atlantic Basin as a Future Energy Hub," *GMF Blog Expert Commentary*, October 21, 2013, http://blog.gmfus.org/2013/10/21/the-atlantic-mirror-the-south-atlantic-basin-as-a-future-energy-hub/.

[15] Jon Mainwaring, "South Africa Edges Closer to Karoo Shale Gas Development," *Rigzone*, July 8, 2014, http://www.rigzone.com/news/oil_gas/a/133928/South_Africa_Edges_Closer_to_Karoo_Shale_Gas_Development.

[16] Paul Burkhardt, "Fracking Opponents Renew Call for South African Shale-Gas Halt," *Bloomberg*, July 22, 2014, http://www.bloomberg.com/news/2014-07-22/fracking-opponents-renew-call-for-south-african-shale-gas-halt.html.

Benefits of New Oil and Gas Production

Access to new oil and gas resources in the Atlantic Basin is contributing to the economic advancement of the region. Maintaining the momentum for technological innovation and growth in the energy sector will be especially important as the region faces competition for energy resources from Asia and the Middle East. In the lead up to 2035, China, India, Southeast Asia, and the Middle East are set to be responsible for the majority of global energy demand growth. As it is, the International Energy Agency argues that global energy trade is becoming "reoriented from the Atlantic Basin to the Asia-Pacific region."[17] Local energy production and use in the Atlantic Basin will allow the region to maintain competitiveness.

The advantages of improved domestic energy production are most apparent in the United States, where the shale gas boom has been credited with bringing about an industrial renaissance. Although certain sectors, such as chemicals production, are more affected than others, the narrative of economic recovery and growth is a welcome change in an era of economic distress.

Increased access to natural gas can allow the Atlantic Basin to shift away from higher polluting energy sources, such as coal, to lower-carbon natural gas for electricity. In the United States, the Obama administration has proposed ambitious emissions guidelines for power plants. Similarly, in the European Union, the Emissions Trading Scheme aims to reduce the prevalence of high-carbon fuels. Increased domestic production of natural gas will help both the United States and the EU generate more electricity from natural gas than coal. The same potential exists in South America and Africa as well. The main challenge is cost. In Europe, if the price of natural gas remains high even given more domestic production, it will be difficult to motivate electricity producers to switch away from very cheap coal power plants. And in Brazil, shale gas producers may be disinclined to sell their gas to local power plants unless they pay a price that justifies developing the shale gas reserves.

The development of new oil and gas resources is important for expanding regional cohesion, especially trade and business links. European oil and gas companies such as Statoil and Eni have invested in the United States shale boom in order to develop expertise in the new drilling techniques. At the same time, U.S. oil and gas majors are supporting Poland and Ukraine in their attempts to develop their shale gas resources. In new exploration projects in Argentina, Brazil, and South Africa, European energy majors Total and Royal Dutch Shell have been eager bidders. Such transatlantic cooperation is significant for developing closer ties and building expertise across the region.

To receive the full benefits of new shale and offshore energy resources and ensure responsible growth, all four continents around the basin need to enact adequate safeguards and policies. Sloppy and hurried natural gas and oil production puts human and environmental health at risk, and accidents undermine economic gains from energy production.

It is possible to develop shale resources responsibly, and transparency and international cooperation are crucial first steps. The International Energy Agency prescribed "golden rules" in

[17] International Energy Agency, *World Energy Outlook 2013*.

2012 for developing unconventional gas that increase the cost of production by only 7 percent. The rules focus on engagement with local communities, measuring environmental conditions, disclosing activities, isolating wells and preventing leaks, treating water responsibly, reducing venting and flaring, coordinating activities to reduce disruptions, and showing high environmental awareness.[18] The costs of not communicating or not following best practices will be high — it could only take a small incident to cause governments to ban new exploration in their countries. Cooperating and investing in responsible activities will benefit the Atlantic Basin in the long term.

Booming Renewable Energy in the Atlantic Basin

The Atlantic Basin is leading the world in developing renewable energy sources and sharing new technologies among neighbors. Today, hydropower, solar cells, wind turbines, and biofuels provide electricity and heat to communities from Copenhagen to Cape Town. The renewable energy boom started in Europe and is continuing across the basin. Renewable energy is enabling remote villages to have electricity and is prompting new innovation and entrepreneurship on all sides of the Atlantic. Renewable energy sources will increase in significance as the cost of technology falls and the need for local and quickly deployable energy sources continues to grow.

The European Union invigorated renewable energy growth in the Atlantic Basin. Viewing the issue of renewables as a core energy concern, the EU mandated targets for its increased use across the continent. The European Union has a goal of obtaining 20 percent of its energy from renewable sources by 2020, but individual member states have to meet challenging targets. In hydropower-rich Sweden, the target for renewable energy for 2020 is 49 percent, a significant increase from a baseline of 38.7 percent in 2004. But, incredibly, Sweden achieved 51 percent renewable energy eight years ahead of the 2020 deadline. Similarly, Bulgaria and Estonia have also already met their individual country goals, and ten EU member states now obtain more than 20 percent of their energy from renewable sources.[19]

Individual European countries have initiated their own renewable energy goals that surpass the EU's requirements. Germany in 2011 decided to phase out nuclear power and replace it with renewable energy, with a goal of using renewable sources for 80 percent of its energy demand by 2050. Because of very generous support schemes — especially a feed-in-tariff that guarantees a return on renewable energy investment[20] — new solar and wind installations are booming. In 2012 alone, Germany installed enough solar photovoltaic capacity to generate 7.6

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[18] International Energy Agency, *Golden Rules for a Golden Age of Gas* (Paris: OECD/IEA, 2012).

[19] Eurostat, "Renewable Energy in the EU28: Share of Renewables in Energy Consumption up to 14% in 2012. Bulgaria, Estonia and Sweden already achieve their 2020 targets." *Eurostat News Release 37/2014*, March 10, 2014, http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/8-10032014-AP/EN/8-10032014-AP-EN.PDF.

[20] Feed-in tariffs guarantee a price for each kilowatt-hour that a renewable energy producer generates, and the level of the tariff depends on the renewable energy source (solar photovoltaic, on-shore wind, off-shore wind, biomass, etc.). For more information, see Anna Leidreiter, "The FIT is Better than Commonly Understood," *German Energy Transition,* July 31, 2014, http://energytransition.de/2014/07/the-fit-is-better-than-is-understood/.

gigawatts of electricity.[21] This is the equivalent of seven average-sized nuclear power plants. Germany's challenge now is not how to increase investment in renewables but how to restrain the burgeoning costs of the initiative. In the long term, once the initial support schemes expire, Germany hopes to find itself at a competitive advantage with a robust fleet of domestic, carbon-free power sources.

European decisions to promote renewable energy have helped stimulate global investment in renewable energy technologies. The price of solar photovoltaic panels fell by 40 percent between 2010 and 2012 because of the overproduction of photovoltaic systems in China.[22] In effect, the rest of the Atlantic Basin is now benefitting from Europe's commitment to renewables through access to new, cheaper energy technologies.

The United States is supporting the deployment of renewable energy sources, not only through targets in the European manner, but through cash grants and tax credits as well. The United States consumes about 20 percent of the world's non-hydro renewables, outpacing any European country.[23]

Brazil may be an emerging major oil producer, but it is also a renewable energy superpower. More than 70 percent of Brazil's electricity is generated by hydropower, and it is the world's third largest hydropower consumer.[24] To meet growing demand for electricity, the country is investing in a range of energy options. Currently, Brazil is building three new major hydropower plants — Belo Monte, Santo Antonio, and Jirau — but these alone cannot satisfy future electricity needs. Brazil is also the world's second fastest-growing country for onshore wind installations, doubling capacity in 2012 alone.[25] Investing in onshore wind in Brazil makes sense; it is one of a few places in the world where the costs of generating power through onshore wind already are at wholesale electricity prices, which means that subsidies are no longer necessary. Although the country has struggled to connect new wind power to transmission lines and industrial areas, the additional capacity will help the country's growing energy needs.

Furthermore, Brazil has a booming bioenergy industry, both for woody biomass exports and for sugarcane ethanol biofuels. Brazil is second only to the United States in its ethanol production and use, having started a program to develop alternatives to oil imports in the 1970s.[26] Although Brazil suffered from an ethanol shortfall in 2011, the country has recovered production and is again exporting ethanol to the United States. Brazil is expected to be the major supplier of biofuels to the European Union and the United States for decades to come.[27]

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21 International Energy Agency, *World Energy Outlook 2013*.

22 Ibid.

23 BP.

24 Ibid.

25 Claire Casey, "Is Brazil the Energy Power of the Future (and Always Will Be)?" *Americas Quarterly* (Summer 2013), http://www.americasquarterly.org/is-brazil-the-energy-power-of-the-future.

26 U.S. Energy Information Administration, *Brazil: Country Analysis* (Washington, DC: EIA, October 1, 2013), http://www.eia.gov/countries/cab.cfm?fips=br.

27 International Energy Agency, *World Energy Outlook 2013*.

The influence of renewable energy on the Atlantic Basin should not be measured by the efforts of the region's superpowers. Renewables are particularly valuable because of their transferability and ease of deployment in countries throughout the basin, and the world. Solar and wind power are quickly expanding along the west coast of Africa and are helping push a transition away from diesel electricity generation in Latin America.

Morocco is emerging as a leader in renewable energy. Solar and wind power are key for achieving this aim. The government has set a goal to generate two gigawatts of energy from solar power and at least as much from wind by 2020. Tenders for solar and wind power plants have attracted financing and interested bidders.[28] In the case of wind power, the country is pairing its renewable energy aims with efforts to boost local manufacturing. In March 2014, a tender for five new wind farm sites included a requirement that bidders must use some locally manufactured components.[29] The value of renewable energy for Morocco therefore extends beyond the energy sector. Morocco hopes that its efforts will have a regional effect, with investments in Morocco serving as a starting point for more renewable energy growth and interconnectivity in the region.

Renewable Energy as a Driver of Regional Cooperation and Innovation

The expansion of renewable energy sources is weaving the four continents surrounding the Atlantic Ocean into an energy community. The demand for renewable energy and its production requires more inter-regional trade and innovation in the Atlantic Basin than ever before. This is apparent in the case of biofuels and biomass for transportation, heat, and power. These fuels are created on one continent and put into the gas tank or furnace on another. But the situation is similar for variable power generation as well. Wind and solar power production depend on the weather, and power supplies can be uneven and unpredictable. But when interconnections are built between multiple energy producing and energy consuming areas, excess electricity can be sold during high production, and regions can depend on each other during low production periods.

The United States and Brazil are the two top biofuels producers and consumers in the Atlantic Ocean. When Brazil's sugarcane production dropped suddenly, Brazil met its ethanol needs through fuel made from U.S. corn. Similar trade patterns exist in other areas of bioenergy. Woody biomass from Canada, the United States, and the South Atlantic is used in European power plants and burned in European furnaces. With European demand for renewable sources of heat and electricity set to increase to meet higher renewable energy targets by 2030, more countries are likely to start exporting biomass pellets to help meet European demand. Latin America and Africa are top candidates for this role.[30]

[28] Africa Energy, "Morocco Pushes Security from Renewables with New Solar Tenders," *Africa Energy*, January 31, 2013. http://www.africa-energy.com/morocco-pushes-security-from-renewables-with-new-solar-tenders-1; Florian Neuhoff, "Tenders Signal Morocco's Initiative on Renewable Energy," *The National*, January 13, 2013, http://www.thenational.ae/business/energy/tenders-signal-moroccos-initiative-on-renewable-energy.

[29] Jan Dodd, "Analysis: Suppliers Line Up for Morocco's 850MW Wind Tender," *Wind Power Monthly*, March 18, 2014, http://www.windpowermonthly.com/article/1285778/analysis-suppliers-line-moroccos-850mw-wind-tender.

[30] International Energy Agency, *World Energy Outlook 2013*.

Regional cooperation and cross-border trade are important for balancing production and demand for solar and wind power. Morocco's vision for its renewable energy investments is to connect the country with a broader renewable energy market around the Mediterranean connecting North Africa and Europe.[31] The impetus for greater regional cooperation would be a political and economic blessing for all four continents around the Atlantic. But the road to regional energy integration is difficult.

Europe, as the fastest mover in renewable energy, is seeing the challenges of often-divergent energy policies. Germany's booming renewable energy sector is a tremendous achievement, but the variability in production of solar and wind power creates complications for Germany's neighbors. Depending on the weather, Germany needs to either purchase or sell electricity to France, Poland, the Czech Republic, and the Netherlands, and sometimes with limited advanced notice. Mechanisms for anticipating and balancing the different energy flows are only now developing because energy policy has largely been a competency of national governments rather than the European Union.

Renewable energy similarly provides great opportunities for business innovation. The most apparent ties are within the energy sector itself when a country seeking new renewable energy sources works with domestic industry to develop new technologies locally. This was the case with early wind turbine manufacturing in Europe. Yet, the opportunities for innovation and entrepreneurship extend beyond the energy sector.

One example of creative innovation is the link between telecommunications technologies and the energy sector. In the North Atlantic, the pairing of the digital economy and the energy economy comes in the form of smart meters and greater consumer control of energy use. When prices and energy use are high, households or big businesses can choose to use less energy by turning up the temperature in their refrigerators and turning down the water heater, sometimes even earning money from their electrical utility for taking these steps.

In sub-Saharan Africa, links between the energy sector and telecommunications are equally inventive. Mobile communications technologies have spread more quickly in Africa than electricity has. In 2013, more than 360 million Africans were covered by mobile telephone networks but did not have electricity in their homes. Solar photovoltaic systems, when paired with mobile towers, can bridge the gaps between telephone and electricity access. Moreover, mobile phone systems can be used to collect payments for electricity in areas where collecting fees had previously been difficult.[32] The innovations developed for pay-as-you-go energy services in Africa could be applied to the North Atlantic, where distributed energy systems are gaining popularity.

The Atlantic Basin is on the cutting edge of renewable energy and can continue to set the pace for new technological and business model developments around the world. This has already

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31 Neuhoff.

32 Michael Nique and Kennedy Opala, *The Synergies Between Mobile, Energy, and Water Access: Africa*, (London: GSMA Mobile Enabled Community Services, March 2014), http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2014/04/MECS_Synergies-between-Mobile-Energy-and-Water-Access_Africa.pdf.

been the case with solar power. China became a major manufacturer of solar photovoltaic systems following Germany's leadership in the area. Similarly, inventive pairings of telecommunications and distributed electricity systems in sub-Saharan Africa can provide lessons for communities in Southeast Asia, for example. The greatest challenge for the Atlantic Basin will be to continue developing new energy technologies and business models as the global pace of innovation increases, but regional cooperation around the Atlantic is one way to maintain the current momentum.

Moving Forward: the Need for Strong Leadership and Cooperation

The Atlantic Basin has been blessed with plentiful energy resources. Oil and gas discoveries are as important today as they were a century ago, giving countries the opportunity to reinvigorate their manufacturing industries and free themselves from economic and political dependence on other more energy-rich regions. The United States is leading a wave of new shale energy production that is changing the region's energy dynamics. The United States will soon be able to send its natural gas and other energy products to markets around the world. But more importantly, U.S. energy innovations have also given the U.K., Poland, Argentina, Brazil, and South Africa new techniques for accessing their own shale energy resources.

Unlike a century ago, fossil fuels are not the only measure of energy wealth. And luckily, the new energy resources of today and tomorrow are available throughout the Atlantic Basin. From new wind parks off the coast of West Africa to solar photovoltaic systems in the Caribbean, new energy developments are emerging across the entire region. The opportunities for economic development and cooperation for all Atlantic countries are tremendous.

Unfortunately, great energy opportunities can also be wasted. In the oil and gas industry, the costs of not following best practices are clear — oil spills or badly managed water resources make for flashy news stories. But missed chances to build regional partnerships, inspire local entrepreneurs, and connect remote regions to energy resources also carry high opportunity costs.

The Atlantic Basin needs its government and business leaders to promote the use of all available technologies in a manner that supports economic growth and human development goals. These goals can best be met by working together to identify and apply best practices. Clear regulations on transparency in the energy sector, reliable investment protections, and strict safeguards for the environment would help the basin maintain its promising track. Coordinating action and creating functional cooperation mechanisms in the field of energy could not only boost economic prosperity, but also help build institutional frameworks for greater cooperation throughout the Wider Atlantic.

Kristine Berzina is a program officer at the German Marshall Fund of the United States.

5 Squaring the Circle? Transatlantic Relations and New Latin American Regionalism in a Changing Global Environment

Andrés Serbín

Introduction

Despite repeated warnings from analysts about the progressive shift of international dynamics from the Atlantic to the Pacific, the Atlantic Basin continues to be central to globalization and it shows signs of revitalization in the economic and political spheres. North America, Western Europe, Latin America, and Western Africa constitute the primary points — not necessarily homogenous — of a square that has yet to structure itself as such and which has differing dynamics. However, numerous experiences and processes of transoceanic relations are currently developing, while new initiatives, primarily in the South, are modifying the political landscape of the Atlantic. Within this framework, the Atlantic space presents immense potential for cooperation, but simultaneously poses difficult economic, political, social, and environmental challenges that require common solutions.[1]

Transatlantic relations have historically tended to revolve around relations between North America (particularly the United States, but also Canada) and what is currently the European Union, generally related to security issues. This bilateral relationship has tended to expand in a triangular direction among North America, the EU, and Latin America due to shared cultural, economic, and political linkages,[2] but also as a function of clearly defined asymmetrical power relationships. However, the emergence of China and the growing appeal of the Pacific Basin are generating complexities and new linkages in the geopolitics of the Atlantic space.

In this context, this chapter analyzes the role that Latin America and the Caribbean (LAC) can play in the evolution of Atlantic relationships, both through its most prominent actors and through new regional dynamics.

Transatlantic Relations: New Linkages and New Agendas in a Changing Global Environment?

Transformations and Restructuring in the International System

Since the 16th century with the arrival of Europeans on the American coasts and throughout the subsequent centuries, the Atlantic Ocean has been prominent in, if not central to, the international landscape. European colonization of the Americas and Africa involved a dramatic transformation of the societies and territories of these three continents and generated ties that persist today, despite a continuous process of changes and transformations. Significant structural changes in international relations throughout the centuries have generated a series of transformations in power relationships and new alliances along various axes in the Atlantic Basin (East-West, North-South, etc.). In spite of these transformations, the Atlantic Ocean has rarely been perceived as an integrated space whose different regions are interconnected, predominating instead "a fragmented vision of different Atlantic spaces in which the traditional powers struggle for influence."[3]

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[1] Anna Ayuso and Elina Viilup, "Introducción: Una Nueva Mirada Hacia el Atlántico," *Revista CIDOB d'Afers Internationals*, no. 102-103 (September 2013), 7.

[2] See "Las Relaciones Triangulares: Estados Unidos, Unión Europea y América Latina," *Pensamiento Iberoamericano*, no. 8 (January 2011).

[3] Ayuso and Viilup, 9.

In the second half of the 20th century, the emergence of the United States as a superpower in a strategic alliance with Western Europe and in confrontation with the Soviet bloc dominated Atlantic dynamics. The United States solidified its role as the hegemonic power in the Western Hemisphere; at the same time, European powers lost the majority of their colonies while simultaneously undertaking one of the greatest experiments in regional economic and political integration — the creation of the European Union (EU). By the beginning of the 21st century, however, the relatively stable and predictable bipolarity of the Cold War had given way to a global redistribution of power, which created the impetus for restructuring the international system. This restructuring was initially characterized by U.S. unipolarity but has gradually shifted to multipolarity,[4] especially in economics and trade, as new actors have entered the scene, some of them emerging powers and others non-state actors.[5]

Global growth in the last decade has increasingly been centered in the Pacific in terms of economics and trade, but also in terms of demographics. China has become the primary actor in Asia, while countries like India have also shown strong economic growth. This progressive shift of power toward the South and the Pacific was accentuated by the effects of the financial crisis of 2008, which weakened the economies of the United States and its traditional European partners, while also contributing to the emergence of new alliances and blocs that go beyond the North Atlantic and which are transregional in nature, such as the G20, the BRICS, IBSA (the India-Brazil-South Africa Dialogue Forum), MIKTA (Mexico, Indonesia, the Republic of Korea, Turkey, and Australia), or the Cairns Group.[6] The influence of such groupings and their member countries reflect the emergence and development of economies outside of the Western world and foster a new geopolitical landscape in the global system.

As a result, interactions between different shores of the Atlantic have evolved, adjusting to the prevailing tendencies toward the restructuring of the international system. It is therefore important to take a fresh look at relations around the Atlantic and identify its continuities and changes as part of evolving global trends.

The Atlantic Dynamic

In contrast to the traditional concept of an Atlantic Community, primarily characterized by inter-oceanic relations in the North Atlantic and dominated by security concerns, we are witnessing a proliferation of initiatives among various Atlantic actors, north and south. However, the North Atlantic community continues to have the most developed relations in economic and political terms, as evidenced by continuing security linkages through NATO and the recent negotiations around the strategic Transatlantic Trade and Investment Partnership (TTIP). Of course, the creation of a transatlantic marketplace via TTIP as an economically dynamic space is taking on a series of geopolitical considerations that would, among

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[4] Fareed Zakaria, *The Post-American World* (New York, NY: Norton, 2008).

[5] Andrés Serbín, "Actores No Estatales y Política Transnacional," in Legler, Santa Cruz, and Zamudio (eds.), *Introducción a Las Relaciones Internacionales: América Latina y la Política Global* (Mexico City, Mexico: Oxford University Press, 2013), 172-182.

[6] The Cairns Group is a coalition of agricultural countries that primarily exercises influence at the WTO (Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Uruguay, and Vietnam).

other things, contribute to containing China, eventually isolating Russia, and reactivating the Atlantic as the driving force of globalization.

At least four areas reflect a new emerging dynamic and a transoceanic agenda in the Atlantic space.[7] First, security has become a central factor in regional governance, particularly in the North Atlantic. In addition to NATO's continued importance, there are growing conceptual and doctrinal convergences with regards to the notion of human security, which is reflected in strategic documents and positions such as the 2003 European Security Strategy (titled "A Secure Europe in a Better World") and the Declaration on Security in the Americas, put forth by the Organization of American States in 2003, which introduced the concept of multidimensional security. These guidelines have been likewise reflected in interregional dialogue, particularly within the framework of the Euro-Latin American Charter for Peace and Security, approved in 2009 by the Euro-Latin American Parliamentary Assembly. The growing presence of the United States and Brazil in Africa[8] as well as the development of bilateral ties between other Latin American countries (particularly Cuba, Venezuela, and Argentina) and African countries also reflects similar views of the security dynamics in the maritime space in the South Atlantic — especially with regards to piracy and its impacts on sea lanes of communication, drug trafficking, the arms trade, proliferation of small arms and light weapons, environmental risks, illegal fishing, human trafficking, and terrorist activities. New security risks have begun to require the attention of the main actors in the Atlantic Basin.[9]

A second area is related to trade negotiations, which have undergone significant changes in recent years. The Atlantic space continues to be the world's economic engine, with roughly half of global production, as well as the largest market in terms of foreign direct investment (FDI). The United States remains the primary axis of trade through its links in the North Atlantic and the Americas. However, its trade flows are growing more slowly and have been affected by the financial crisis of 2008. The relative importance of the Atlantic for its different regions varies. The EU depends less on Atlantic trade because its intraregional trade dominates. Latin America, by contrast, is the most dependent region on Atlantic trade, which represents more than half of its total trade volume, whereas its intraregional trade is less than 30 percent. Moreover, with the Doha Round stalled, the free trade agreements (FTAs) across the Atlantic take on particular importance as instruments to stimulate the flow of goods and services in the Atlantic space, including the recently completed EU-Canada Comprehensive Economic and

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[7] See *A New Atlantic Community: Generating Growth, Human Development, and Security in the Atlantic Hemisphere*, (Washington, DC: SAIS Center for Transatlantic Relations, 2014).

[8] Africa was a low priority on the U.S. security agenda until recently, but in 2010, the United States established institutional partnerships with leading countries on the continent. The 2011 National Military Strategy of the United States of America considers protecting "Global Commons and Globally Connected Domains" to be fundamental to security, in addition to protecting maritime trade (Seabra 2013). In the case of Brazil, President Luiz Inácio Lula da Silva emphasized the revitalization of relations with Africa as a foreign policy priority. The goal of his agenda was to establish or consolidate cooperation with South America and build alliances with other regions in order to position Brazil as a global actor. Alliances with African countries were fundamental to certain national objectives, such as trade negotiations or securing a non-permanent seat on the UN Security Council. Brazil's 2008 National Strategy of Defense established that Brazil's defense concerns included the South Atlantic, with specific priority given to South America and Africa, primarily West Africa and Portuguese-speaking Africa (Ayuso and Viilup).

[9] Pedro Seabra, "Dinámicas de Seguridad en el Atlántico del Sur: Brasil y Estados Unidos en África," *Revista CIDOB d'Afers Internacionals*, no. 102-103 (September 2013), 199-218.

Trade Agreement, as well as TTIP and the EU-Mercosur Association Agreement (both still under negotiation).[10]

It is in the area of trade that the primacy of the transatlantic relationship is in question because of the exponential growth of China's economy and trade. The increasing participation of China in trade linked to Atlantic actors has led to a relative reduction of Atlantic trade in favor of the Pacific.[11] Slower economic growth in the Atlantic and increasing competition from China is thus posing challenges for the Atlantic space.

In this context, the prospect of a major trade agreement between the United States and EU in the form of TTIP presents itself as an attempt to reinvigorate the decline of transatlantic trade relative to other actors. A transatlantic marketplace would thus contain a geopolitical dimension that, according to many, is more important than "the theoretical benefits in terms of growth, employment, and prosperity."[12] This initiative, combined with other existing FTAs in the region and those under negotiation, would open the door to a deeper pan-Atlantic trade agenda, but eventually could also affect multilateral negotiations and rules associated with the WTO.

Thirdly, the Atlantic has become a strategic space in the field of energy. The revolution in oil and gas due to new technologies for exploration and extraction, combined with the pressure to reduce emissions, offer new perspectives and opportunities for actors in the Atlantic Basin, enabling the Atlantic to rival the Middle East in terms of supplying energy. The current trends point to a shift in the center of gravity in the energy economy to the Atlantic Basin, which will probably become a net exporter of multiple energy sources to the Indian and Pacific Oceans. Many new fossil energy reserves are being discovered in the South Atlantic, in countries such as Brazil, Argentina, and South Africa, which are joining traditional exporters such as Mexico, Venezuela, Angola, and Nigeria. The South Atlantic, as an energy supplier, will play a crucial role on political and security issues in the future.[13] The extent of this role will, of course, depend on future energy prices and potential developments in new energy sources.

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[10] Lorena Ruano, "El Comercio en la Cuenca del Atlántico, 2002-2012: Una Visión Panorámica," *Revista CIDOB d'Afers Internacionals*, no. 102-103 (September 2013), 101-123.

[11] On both shores of the Atlantic, China is projecting itself as an external actor with greater influence, especially in the South –See Adriana Erthal Abdenur and Daniel Marcondes de Souza Neto, "La Creciente Influencia de China en el Atlántico Sur," *Revista CIDOB d'Afers Internacionals*, 102-103 (September 2013), 169-197. In the last ten years, China has developed regional policies and has strengthened its relations with the main political actors in the South Atlantic. In Latin America, the proliferation of left and center-left governments (such as in Argentina, Brazil, Bolivia, Ecuador, and Venezuela) has benefited from China's growing economic presence political relationships in the region. At the same time, China's influence in Latin America and Africa is generating a new competitive dynamic and is continuing to erode the historical influence of the West in the area, including U.S. hegemony. See Ayuso and Viilup, 15).

[12] Serge Halimi, "As Potências Redesenham O Mundo," *Le Monde Diplomatique Brasil*, June 3, 2014, http://www.diplomatique.org.br/artigo.php?id=1660.

[13] Paul Isbell, *Energy and the Atlantic: The Shifting Energy Landscape of the Atlantic Basin* (Washington, DC: The German Marshall Fund of the United States, 2013), http://www.gmfus.org/archives/energy-and-the-atlantic-the-shifting-energy-landscape-of-the-atlantic-basin/; see also Marcel Fortuna Biato, "Políticas Nucleares y Régimenes de No Proliferación," *Pensamiento Iberoamericano*, no. 8 (January 2011), 151-173, in which he analyzes the policies of the United States, European Union, and Latin America, with special emphasis on Brazil's position.

Managing maritime resources is also taking on increasing relevance in the Atlantic.[14] The threats posed by climate change, such as the degradation of marine and coastal ecosystems, contamination, and decreased biodiversity, are shared with all oceans of the world. The Atlantic faces unique challenges in a few areas, such as the sustainable management of fisheries, since they are the most overexploited ones in the world. Moreover, the increase in water temperatures is already creating changes in marine organism distribution. It is also pushing warmer water toward the poles, which is altering the course and strength of the Gulf Stream and the North Atlantic Current to the detriment of fisheries, ecosystems, and coastal waters as well as the recycling of nutrients.[15]

Fourth and finally, it is important to consider the shared values around the Atlantic — such as democracy and human rights — which have an impact on norms in the transatlantic relationship and on a global level, though not uniformly. The most marked confluence of values is in the U.S.-EU-Latin America triangle, especially with the recent consolidation of democratic systems in Latin America.[16]

The South Atlantic Dynamic and South-South Cooperation

Although the strategic relationship between the United States and Europe continues to dominate, there are growing questions in both the North and South about the concept of a restricted Atlantic Community. The most innovative initiatives, which could lay the groundwork for an alternative and broader Atlanticism, come primarily from the South. Emerging powers such as South Africa and Brazil see their increasing role in Africa and South America, respectively, as a way to increase their influence and gain greater weight in global affairs and multilateral institutions.[17]

South-South cooperation has taken on a new dynamism enabled by the greater degree of autonomy that the current multipolar context allows for emerging powers.[18] Growing South Atlantic ties could lead to closer linkages in the coming years through institutions such as the Zone of Peace and Security of the South Atlantic (ZOPACAS). But South-South cooperation in the Atlantic remains relatively modest and is dominated by a few countries, especially Brazil — which sees South-South cooperation as part of a broader strategy to increase its global influence — with regards to its engagement in Africa.[19] Cuba and Venezuela also have a certain interest in Africa, but their ability to influence other Latin American nations in deepening relations with that continent is much more restricted.

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[14] Ayuso and Viilup, 18.

[15] Daniel Hamilton, "Hacia una Agenda de Gobernanza Hacia el Hemisferio Atlántico Emergente," *Revista CIDOB d´Afers Internationals*, no. 102-103 (September 2013), 51-71.

[16] Juan Ruiz Tovar, "La Política Europea de Obama y las Relaciones Transatlánticas," *Revista CIDOB d'Afers Internacionals*, no. 102-103 (September 2013), 219-242.

[17] Dorval Brunelle, "Comunidad Atlántica: Asimetrías y Convergencias," *Revista CIDOB d'Afers Internacionals*, no. 102-103 (September 2013), 29-49.

[18] Gladys Lechini, "La Cooperación Sur-Sur y la Búsqueda de Autonomía en América Latina: Mito o Realidad?" *Relaciones Internacionales*, no. 12 (October 2009), 55-81.

[19] Christina Stolte, "Brazil in Africa: Just Another BRICS Country Seeking Resources," *Chatham House Briefing Paper*, no. 1 (November 2012).

On the African side, clear leaders and interlocutors have not emerged despite the growing weight of South Africa, Angola, and Nigeria. South Africa aspires to play a leadership role in the south of the continent and it has pushed regional projects such as the New Economic Partnership for African Development (NEPAD), but it has less weight than Brazil and there are few obvious partners of similar influence that share South Africa's internationalist agenda.

The current South Atlantic dynamic is similar in its diversity and heterogeneity to the integration and political dialogue initiatives in South America. Each entity is championed by one state or a few states without a high degree of support from the remaining partners. Thus, the South Atlantic finds itself at a historic crossroads. In order to escape its international marginalization and become a relevant axis in the global and transatlantic system, its countries need to define a clearer project and find ways to combine their efforts. Of course, such an endeavor would not be exclusive because the countries of Africa and LAC have multiple identities and interests. What remains to be seen is if there is a collective will that is greater than the regional interests on both sides of the South Atlantic. That will depend on whether South-South cooperation can play a prominent role through initiatives of mutual interest and benefit.[20]

However, there is currently no pan-Atlantic cooperation mechanism comparable to the Asia-Pacific Economic Cooperation (APEC) forum and other groupings in the Pacific Basin. Atlantic interregional integration dynamics are fragmented, with the North Atlantic being the predominant transatlantic relationship.[21] The presence of the United States and its NATO allies in the South Atlantic is seen with mistrust by countries in that region, which seek to protect their maritime natural resources and prevent or eliminate neocolonial endeavors. However, recent initiatives could help to overcome this obstacle. Multiple trans-regional linkages are growing in importance, such as between the EU and the Community of Latin American and Caribbean States (CELAC). These initiatives are not limited to ties between governments; different Atlantic communities come together through parliamentary initiatives such as the Euro-Latin American Parliamentary Assembly (EuroLat), relationships between local governments, research projects among universities, and other platforms such as Atlantic Dialogues, organized annually by the German Marshall Fund of the United States and the OCP Policy Center in Morocco.[22]

Nevertheless, in spite of recent changes in the international system and the emergence of new actors, the tendency is to focus the analysis on emerging governance initiatives in relation to the North Atlantic dynamic. The growing role of Latin America, which has led to a triangular

[20] Christian Freres, "Cooperación Sur-Sur: Un Elemento Clave para el Despegue del Atlántico Sur," *Revista CIDOB d'Afers Internacionals*, no. 102-103 (September 2013), 125-146.

[21] With regards to this point, Dorval Brunelle argues that the growth of the North Atlantic community toward the South is blocked in the economic and political spheres for security reasons.

[22] Ayuso and Viilup, 17.

perception of the Atlantic dynamic by several analysts,[23] requires a revision of the emerging regional governance structures and their potential role in the future configuration of the transatlantic space. Therefore, it is essential to address the development of new forms of regionalism in Latin America and the Caribbean and their pan-Atlantic impacts in light of the reconfiguration of regional power relationships, with an eye to whether or not they could make the region a relevant interlocutor for the construction of an Atlantic space that goes beyond the region's frequently subordinate and asymmetric relationship with the United States and EU.

New Latin American Regionalism and Its Impact on Hemispheric and Transatlantic Relations

The New Latin American Regionalism

Since the 1950s, the evolution of Latin American regionalism has been characterized by three distinct stages. The first phase, between the 1960s and 1980s, was built around the aspiration for greater regional autonomy through the creation of regional markets and regional strategies of industrialization and import substitution. A second phase took shape at the end of the 1980s and the beginning of the 1990s as a neoliberal approach was introduced into regional processes focused on trade liberalization, economic opening, and the elimination of trade barriers, which was strongly influenced by the so-called "Washington Consensus" and by the Economic Commission of Latin America and the Caribbean's (ECLAC) concept of "open regionalism." Trade, investment, and economic issues became dominant in the new regional agenda. However, after the collapse of negotiations on the Free Trade Area of the Americas (FTAA) after the Summit of the Americas in Mar del Plata in 2005, new modalities of regional political cooperation as well as social and economic integration began to emerge. These new forms of regionalism are referred to as "post-liberal" or "post-hegemonic"[24] with reference to new organizations such as UNASUR, ALBA, and CELAC, which exclude the United States and Canada.

In the current stage, the profound changes that the international system has undergone have been reflected in the region. After the end of the Cold War and especially after September 11, 2001, the United States has reoriented its strategic priorities and has generally paid less

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[23] For some analysts, this perception reached the point at the beginning of this decade where they were arguing that the future of transatlantic relations depends in large part on the role that the strategic quartet of Brazil, Spain, Mexico, and the United States plays in a new Atlantic space. See, for example, Susanne Gratius, "El Triángulo Atlántico: Arquitecturas Multilaterales y Reajuste de Poder Entre Viejas y Nuevas Oportunidades," *Pensamiento Iberoamericano*, no. 8 (January 2011), 3-21. She refers to this new Atlantic space as "Transiberoamerican."

[24] Several authors propose the emergence of a new cycle of Latin American regionalism emerging from the crisis of open regionalism that will be determined more by political variables than economic ones. As such, the emergence of these new political initiatives have led some to speak of a new regionalism, emphasizing more political and social agendas instead of strictly liberalizing ones. "Post-liberal regionalism" is used by José Antonio Sanahuja, "La Construcción de Una Región: Sudamérica y el Regionalismo Posliberal," in Cienfuegos and Sanhauja (eds.), *Una Región en Construcción: UNASUR y La Integración en América del Sur* (Barcelona: Fundación CIDOB, 2010); Pedro da Motta Veiga and Sandra Ríos, "O Regionalismo Pós-liberal na América do Sul: Origens, Iniciativas e Dilemas," *Serie de Comercio Exterior*, no. 82, (Santiago de Chile: CEPAL); and Serbín, "Regionalismo y Soberanía Nacional en América Latina: Los Nuevos Desafíos." Pia Riggirozzi and Diana Tussie use the term "post-hegemonic regionalism" in Riggirozzi and Tussie (eds.), *The Rise of Posthegemonic Regionalism: The Case of Latin America* (Dordrecht: Springer, 2012); and Alberto van Kleveren refers to it as "heterodox regionalism" in "América Latina en Un Nuevo Mundo," *Revista CIDOB d'Afers Internacionals*, no. 100 (December 2012), 131-150.

attention to Latin America (apart from its closest neighbors, Mexico, Central America, and the Caribbean). This has weakened U.S. relations with the region as well as the inter-American system. The euro crisis accentuated the decline of the European presence in the area. Links among Latin American states grew, but not through a single and coherent process of regional integration. China, India, Korea, and other Asian countries have increased their presence in the region as Japan did earlier, but they currently limit their ties mostly to the economic realm. Other actors such as Russia and Iran are establishing closer ties with the region. Latin America is also looking for new partners in a world characterized by the "rise of the rest," as Fareed Zakaria puts it.[25]

The U.S. economy has mostly recovered from its financial crisis, the eurozone is not in immediate danger, and China has avoided a hard landing of its economy. Interest rates remain relatively low and the emergence of new forms of energy have temporarily calmed the oil market. Despite these facts, the international system, although it may appear more stable, shows greater signs of multipolarity and polycentrism. Thus, Latin American countries, particularly in South America, exhibit greater autonomy from the United States.[26]

Within this framework, in the last decade different regional organizations have been created in Latin America, based on varying political, economic, and ideological approaches that characterize this greater autonomy from the United States. In 2004, Cuba and Venezuela formed the Bolivarian Alternative for the Peoples of Our America — which was later renamed the Bolivarian Alliance for the Peoples of Our America (ALBA) — as an organization of South-South cooperation and assistance, with a strong anti-U.S. ideology. In May 2008, the Union of South American States (UNASUR) was founded in Brasília, encompassing 12 South American states, including Guyana and Suriname, which are traditionally linked to the Caribbean Community (CARICOM). In February 2010 in Cancún, the Community of Latin American and Caribbean States (CELAC) was formed with the participation of all Latin American and Caribbean governments, creating an inter-American organization that excludes the United States and Canada, just like ALBA and UNASUR. CELAC took on the role of the Rio Group, which had served as a forum for political coordination and consultation since the 1980s. The Rio Group had a significant impact in preventing and resolving some conflicts in the region, both within and between states, while CELAC has continued this legacy and has developed a series of extra-regional dialogue initiatives with actors such as the EU, China, India, and Russia.[27] Finally, the Pacific Alliance — founded in 2012 by Colombia, Chile, Peru, and Mexico — has started out fundamentally as a revitalized free trade agreement between these four countries, now with several observer states. Panama and Costa Rica are in the process of joining the bloc.

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[25] Zakaria.

[26] Alberto van Kleveren, "América Latina en Un Nuevo Mundo," *Revisa CIDOB d'Afers Internacionals*, no. 100 (December 2012), 131-150.

[27] Carlos Portales, "A Dónde Va el Multilateralismo en las Américas? Proyectos Superpuestos en Un Periodo de Cambios Globales," in Hershberg, Serbín, and Vigevani (eds.), *Pensamiento Propio: "El Hemisferio en Transformación: Regionalismo, Multilateralismo y Políticas Exteriores en Un Entorno Cambiante,"* no. 39 (January-June 2014), 109-137.

Pacific Alliance members stand to gain from the Trans-Pacific Partnership (TPP).[28] The emergence and development of all of these organizations, particularly the first three, is primarily due to the leadership of a few countries.

The new forms of regionalism emerging in recent decades in the region — probably with the exception of the Pacific Alliance — have not only prioritized the role of the state, politics, and development, they have also introduced a new regional agenda that prioritizes new issues[29] through the framework of primarily or exclusively intergovernmental initiatives, with heavy importance given to heads of state and a lesser role for other actors.[30] The new regional agenda focuses on security, energy, financial issues, infrastructure, environment, and social issues. Traditional security topics have not lost their relevance, but new transnational threats are gaining increased attention, such as drug trafficking, human trafficking, illegal arms trade, and organized crime in general. Some of these issues are linked to new security issues on the Atlantic agenda, but others remain specific to the region.

Likewise, trade issues remain present, not only through specific initiatives such as the Pacific Alliance, but also through persistent attempts to bring Mercosur and Andean Community (CAN) members closer together and through the recently created Economic Zone between ALBA and Petrocaribe, which Mercosur joined to create a Complementary Economic Zone in 2014. Infrastructure is a priority, particularly for UNASUR, which is channeled through its Initiative for the Integration of the Regional Infrastructure in South America (IIRSA), and which seeks to develop regional connections, especially between the Atlantic and Pacific coasts. Social issues are reflected in the various UNASUR councils. Topics that are less well developed on the agenda include energy coordination, development finance institutions such as the Bank of the South, a common currency such as the Unified System for Regional Compensation (SUCRE), or coordination on environmental issues.[31]

Another relevant topic on the regional agenda is South-South cooperation, which opens the debate between the approaches that see it as a complement to North-South cooperation, on one hand (and therefore part of triangular convergence among North America, Europe, and Latin America), and those that perceive it as part of the consolidation of a Global South on its own terms before engaging in triangular cooperation.[32] It is important to note that the recent BRICS meeting in Brazil in July 2014 not only led to the creation of a development bank and

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[28] Eric Hershberg, Andrés Serbín, and Tullo Vigevani, "La Nueva Dinámica Hemisférica: Desafíos y Potencialidades," in Hershberg, Serbín, and Vigevani (eds.), *Pensamiento Propio: "El Hemisferio en Transformación: Regionalismo, Multilateralismo y Políticas Exteriores en Un Entorno Cambiante,"* no. 39 (January-June 2014), 11-33.

[29] Andrés Serbín, *Chávez, Venezuela y la Reconfiguración Política de América Latina y el Caribe* (Buenos Aires: Editorial Siglo XXI — Plataforma Democrática, 2011); Andrés Serbín, Laneydi Martínez, and Haroldo Ramanzini Junior (eds.), *El Regionalismo "Postliberal" en América Latina y el Caribe: Nuevos Actores, Nuevos Temas, Nuevos Desafíos. Anuario de la Integración Regional de América Latina y el Caribe 2012* (Buenos Aires: CRIES, 2012).

[30] Andrés Serbín, "Regionalismo y Soberanía Nacional en América Latina: Los Nuevos Desafíos," *Documento CRIES*, no. 15 (September 2010); Serbín, "Actores No Estatales y Política Transnacional."

[31] Serbín, "Regionalismo y Soberanía Nacional en América Latina: Los Nuevos Desafíos."

[32] Ignacio Suárez Fernández-Coronado, "La Cooperación Triangular: Una Modalidad Emergente en las Relaciones Norte-Sur," in Rojas Aravena and Brealy (eds.), *América Latina y el Caribe: Nuevas Formas de Cooperación. Las Dimensiones Sur-Sur* (Buenos Aires: Editorial Teseo-FLACSO-Fundación Carolina, 2011), 69-83.

monetary reserve fund among its members, but facilitated political dialogue with organizations such as UNASUR and, particularly in the case of China, with CELAC.[33]

Aside from the clear predominance of governments of the left and center-left in the last 15 years (the so-called "Pink Tide"), another area of convergence is in a common set of norms. The region is primarily comprised of stable democracies that generally respect the rule of law and promote human rights, with the possible addition of the recent emergence of a form of constitutionalism that insists on more participative and inclusive democracies. Moreover, the region is a zone of peace that is free of nuclear arms, where the principles of non-intervention and the peaceful resolution of conflicts continue to prevail, despite lingering territorial disputes. In fact, since the middle of the 1990s, the region has not experienced a single instance of interstate war, which has paved the way for the current political cooperation.[34]

If we compare these themes with those on the transatlantic agenda, we see that they largely constitute a common agenda, with the exception of a few significant regional issues. This common agenda includes new security threats, trade and investment, energy and environmental changes, and democratic values, but with an evident asymmetry between Latin America and its interlocutors to the north. This regional agenda responds to the challenges created by global changes and their hemispheric and regional repercussions.[35]

In geopolitical terms, there is a trend of distancing from the United States and excluding it (as well as Canada) from the majority of new regional organizations. Meanwhile, relations with the EU are developing through various interregional accords through Mercosur, the Central American Integration System (SICA), and UNASUR, as well as through strategic bilateral associations with some of the primary regional actors such as Mexico and Brazil. The triangularity of this process leaves open the question of the relationship with Africa, which is particularly affected by recent geopolitical shifts in the north of the continent and in several Arab countries. This triangularity is also affected by global multilateralism and the already mentioned emergence of new global actors with which the region has established linkages, alliances, or specific coalitions, such as the BRICS, IBSA, MIKTA, and the G20. It is also threatened by mega-regional trade agreements such as TPP and TTIP.

With regards to the post-2015 development agenda, a series of new challenges are emerging on a host of more urgent issues — such as inequality and poverty, food security, energy issues, the impacts of the global financial crisis, and climate change. However, as Rojas Aravena[36] and

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[33] Alicia González, "Los BRICS Se Rebelan contra el FMI," *El País*, July 14, 2014, http://internacional.elpais.com/internacional/2014/07/13/actualidad/1405270597_195035.html.

[34] Francisco Rojas Aravena, "Regionalismos e Integración Regional," in Legler, Santa Cruz, and Zamudio (eds.), *Introducción a Las Relaciones Internacionales: América Latina y la Política Global* (Mexico City, Mexico: Oxford University Press, 2013), 158-171; Serbín, "Actores No Estatales y Política Transnacional."

[35] Andrés Serbín, "Los Nuevos Regionalismos y la CELAC: Los Retos Pendientes," in Bonilla and Álvarez (eds.), *Desafíos Estratégicos Del Regionalismo Contemporáneo: CELAC e Iberoamérica* (San José, Costa Rica: FLACSO-AECID, 2014), 47-78.

[36] Francisco Rojas Aravena, "Global Shifts and Changes in Latin America," *Friedrich Ebert Stiftung Dialogue on Globalization* (November 2013).

Carrión[37] assert, despite convergence on a thematic agenda, there are multiple perspectives in the region associated with the distinct interests and visions of different countries,[38] and a unified vision does not exist with regards to global transformations and challenges. A clear example of this is the lack of coordination among the three Latin American members of the G20 within that group — Argentina, Brazil, and Mexico — and the rift between Mercosur and the Pacific Alliance.

Regional Leaders and their Relations with Atlantic Actors

Three primary leaders have emerged in the region — Venezuela, Brazil, and Mexico[39] — with different capacities. One might also add Argentina's strategic association with Brazil (which is not without its own tensions and rivalries).

Affirmations about the rise of Brazil in the international system have become part of conventional wisdom in academic and diplomatic discourse — as well as in international economic forums — as a specific phenomenon that is part of the rise of emerging countries in the international system, beyond the ups and downs in their economies. The magnitude of this process and the regional implications for South America, Latin America, and the inter-American system remain unclear, particularly due to the ambiguous global and regional roles that Brazil seeks to play.[40] The impact of Brazil's economic and political weight on the region and the global scene are important factors to consider in this regard.[41]

Within the hemisphere, Brazil tends to focus its energies on South America but also on the Caribbean and Africa, whereas the United States tends to focus on North America and Central America, and more recently on Pacific countries. While Brazil and the United States maintain, modify, or deepen their policies toward the rest of the hemisphere and specific sub-regions, other countries also seek to influence a hemispheric dynamic that is undergoing political, economic, institutional, and even ideological transformations.[42] The "strategic void" initially left by the United States in the 1990s, with its repercussions and its impact on the current

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[37] Francisco Carrión, "Cambios Globales. Distintas Visiones: La Visión de América Latina," in Rojas Aravena (ed.), *América Latina y el Caribe: Relaciones Internacionales en el Siglo XXI* (Buenos Aires: Editorial TESEO-FLACSO-AECID, 2012), 61-78.

[38] Serbín, "Regionalismo y Soberanía Nacional en América Latina: Los Nuevos Desafíos."

[39] Andrés Serbín, "Tres Liderazgos y Un Vacío: América Latina y la Nueva Encrucijada Regional," *Anuario CEIPAZ, 2008-2009*, no. 2 (2009).

[40] Mónica Hirst, *Brasil-Estados Unidos: Desencontros e Afinidades* (Rio de Janeiro: Editora FGV, 2009); Andrés Malamud, "Leadership without Followers: The Contested Case for Brazilian Power Status," in Martins and Saraiva (eds.), *Brazil, União Europeia, América do Sul: Anos 2010-2020* (Brasília: Fundação Konrad Adenauer, 2009), 126-148; Miriam Gomes Saraiva, "A Diplomacia Brasileira e a Visão Sobre a Inserção Externa do Brasil: Institucionalistas Pragmáticos x Autonomistas," *Mural Internacional*, no. 1 (January-June 2010), 45-52; Matias Spektor, "El Regionalismo de Brasil," in Sorj and Fausto (comps.), *Brasil y América del Sur: Miradas Cruzadas* (Buenos Aires: Catálogos, 2011), 161-197; Pedro da Motta Veiga and Sandra Polónia Ríos, "Brasil como Vector de Integración Sudamericana: Posibilidades y Límites," in Sorj and Fausto (comps.), *Brasil y América del Sur: Miradas Cruzadas* (Buenos Aires: Catálogos, 2011), 199-245.

[41] Tullo Vigevani and Juliano Aragasuki, "Atitudes Brasileiras para as Organizações Hemisféricas: Círculos Concéntricos," Hershberg, Serbín, and Vigevani (eds.), *Pensamiento Propio: "El Hemisferio en Transformación: Regionalismo, Multilateralismo y Políticas Exteriores en Un Entorno Cambiante,"* no. 39 (January-June 2014), 163-210.

[42] Gian Luca Giardini and Peter Lambert, *Latin American Foreign Policies: Between Ideology and Pragmatism* (New York: Palgrave Macmillan, 2011).

evolution of the Organization of American States (OAS), has been partially filled by Brazil's growing leadership and its promotion of a South American space with greater autonomy.[43]

The world's seventh largest economy, Brazil is the most important power in South America and an important actor at the global level. Brazil has developed a cautious but sustained diplomacy oriented toward strengthening its regional and global leadership,[44] progressively consolidating its influence in South America despite the reticence of some countries in the region to accept its leadership role. Brazil therefore is carrying out its own policy of projecting power regionally and globally, with the creation of a constellation of different sub-regional platforms (Mercosur, UNASUR, CELAC) and the development of extra-regional organizations as part of its strategy (BRICS, IBSA, and the G20). Its objectives are regional stability and development as well as the creation of international coalitions,[45] combining "benign leadership" with a strategy of incremental concentric circles, intergovernmentalism, weak regional institutionalization, and restricted commitments to supply the resources and pay the costs of integration, which enables power projection in Latin America and Africa.[46] The South American unipolarity that Brazil promotes generates two kinds of reactions from its neighbors: reticence toward its increased power and regional projection or adherence to its project in line with their own national interests.

In contrast to Venezuela, although it has been critical of Washington's policies, Brazil has not taken antagonistic positions toward the United States, even in circumstances as complex as the case of electronic espionage against President Dilma Rousseff's government. Since 2007, Brazil has developed a strategic association with the EU, which could contribute to an advance in EU-Mercosur negotiations on a free trade agreement if the tensions within Mercosur between Brazil and Argentina allow for such an agreement.

For Brazil, two trends reached a tipping point in 2010: China surpassed the United States as Brazil's primary trading partner, and Brazil exported more commodities than manufactured goods for the first time since 1978. It is expected that "reprimarization" and slower economic growth will reduce Brazil's international visibility and clout in the coming years, presenting dilemmas for Brazilian foreign policy in terms of strategic options, which includes more coordination and cooperation with the United States and EU in multilateral forums, a variable strategy with emerging powers through the BRICS and IBSA, and taking on a regional leadership role representing South American in multilateral settings. Although these three options

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[43] Serbín, "Tres Liderazgos y Un Vacío: América Latina y la Nueva Encrucijada Regional."

[44] Matías Spektor, "Idéias de Ativismo Regional: A Transformação das Leituras Brasileiras da Região," *Revista Brasileira de Política Internacional*, vol. 53 (January-July 2010), 25-44. Spektor argues that Brazilian policy toward South America is built on two main pillars. First, protecting against threats and preserving Brazil's freedom of action against regional instability, U.S. interference, or the negative effects of globalization. Second, regional activism is a tool through which to increase its power and support Brazil's broader interests in the world.

[45] Alcides Costa Vaz, "Coaliciones Internacionalesen la Política Exterior Brasileña: Seguridad y Reforma de la Gobernanza," *Revista CIDOB d'Afers Internacionals*, no. 97-98 (April 2012), 176.

[46] Elsa Llenderozas, "Política Exterior Latinoamericana y la Comunidad de Estados Latinoamericanos y Caribeños," in Bonilla and Álvarez (eds.), *Desafíos Estratégicos Del Regionalismo Contemporáneo: CELAC e Iberoamérica* (San José, Costa Rica: FLACSO-AECID, 2014), 129-149.

are not mutually exclusive, the decision to prioritize one of them could have a decisive impact on Brazil's role in transatlantic relations.[47]

However, a scenario in which Brazil is the leader of a region that speaks with a unified voice in the world is growing ever more distant. Of course, the rhetoric of integration will continue; in practice, however, Brazil will likely become more focused on national interest. Brazil's main objectives continue to be economic gains, maintaining stability in South America, and limiting the harm that unstable neighbors could cause. As Malamud explains, Brazil is and will remain the dominant power in the region, but not its leader; it no longer needs to be.[48] At the Brazil-EU summit in February 2014, some countries already acknowledged (and are preparing for) the possibility that the EU's strategic association with Brazil constitutes a tacit recognition that inter-regionalism is coming to an end.[49]

Two countries in Latin America could challenge Brazil's leadership: Argentina and Mexico. Both have sizable economies and populations, a high degree of development, extensive territory, abundant natural resources, and a historic tradition of international activism. Both have also maintained a consistent policy against the notion that one country can permanently represent the region in international organizations.

Momentarily, Venezuela under Hugo Chávez emerged as a contender for regional leadership. Although Venezuela was never one of the major players in South America, over the last 15 years it promoted strategies that diverged from Brazil's, utilizing its oil wealth to build international alliances. Chávez cultivated and bought the loyalty of countries that are within Brazil's sphere of influence, such as Bolivia and Ecuador, in addition to several Central American and Caribbean countries. Although in the long run a foreign policy based on oil wealth is subject to the whims of the price of a barrel of oil, Venezuela has been an obstacle in recent years to Brazil's ability to control its neighborhood.[50]

In this sense, the Bolivarian Republic of Venezuela is an actor whose foreign policy over the last 15 years has been over-extended, subsidized by the high price of oil and characterized by a highly charged ideology.[51] Since the creation of ALBA in December 2004, Venezuela has sustained it through oil assistance and by incorporating countries with similar anti-hegemonic and anti-U.S. attitudes in the Caribbean, Central America, and South America. However, it is losing the influence that was driven by Chávez's leadership. Under President Nicolás Maduro, Venezuela is losing its weight as a regional leader due to its economic problems as well as the inherent difficulties involved in replacing a charismatic leader such as Chávez. Nevertheless, Venezuela's regional influence on the intergovernmental, political, and social levels has not

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[47] Andrés Malamud, "La Unión Europea, del Interregionalismo con América Latina a la Asociación Estratégica con Brasil," *Revista CIDOB d'Afers Internacionals*, no. 97-98 (April 2012), 219-230.

[48] Malamud, "La Unión Europea, del Interregionalismo con América Latina a la Asociación Estratégica con Brasil," 229-230.

[49] José Antonio Sanahuja, "Enfoques Diferenciados y Marcos Comunes en el Regionalismo Latinoamericano," in Hershberg, Serbín, and Vigevani (eds.), *Pensamiento Propio: "El Hemisferio en Transformación: Regionalismo, Multilateralismo y Políticas Exteriores en Un Entorno Cambiante,"* no. 39 (January-June 2014), 75-107.

[50] Malamud, "La Unión Europea, del Interregionalismo con América Latina a la Asociación Estratégica con Brasil," 223.

[51] Serbín, *Chávez, Venezuela y la Reconfiguración Política de América Latina y el Caribe*.

disappeared. It maintains a two-pronged foreign policy based on a soft-balancing strategy designed to weaken the U.S. hegemonic presence as well as a growing militarization of its bureaucracy and its domestic social and political affairs.[52]

Mexico, without taking on an explicit role of regional leadership, finds itself among the ten largest economies in the world with a new government that seeks to reposition the country on the regional and global levels. However, as Rojas Aravena notes,[53] Mexico's leadership has historically not been consistent or sustained in the region, primarily exercising its influence on economic issues and in global forums. At the regional level, it has been limited in taking on a leadership role, principally because of its close relationship with the United States.[54] It is perennially torn between its ties to North America and its ability to influence Latin America, with the exception of its Mesoamerica Project initiated in 2000 by President Vicente Fox and more recently its involvement in the creation of CELAC and its participation in the Pacific Alliance.

Mexico aspires to overcome its biregional identity[55] by promoting a foreign policy based on multiple goals: strengthening its Latin American credentials; boosting its declining regional influence, especially in South America because of its exclusion from organizations like UNASUR; diversifying its international presence; and adjusting its external posture with the attributes of a middle power, but without the aspirations of a clear regional power.[56]

Despite its reduced presence in Latin America — especially during the 12 years of National Action Party (PAN) government — Mexico is beginning to resume its hemispheric role, beyond its ties with North America. It is flexing its muscles in Latin America, as illustrated by its more proactive foreign policy and the role it has played in reactivating the Rio Group as an alternative regional political forum to the OAS and in the creation of CELAC, to the exclusion of its NAFTA partners, as well as by rebuilding its ties with Cuba.

In the case of Argentina, the rhetoric of the governments of Néstor Kirchner and Cristina Fernández de Kirchner appear to mark the construction of an autonomist policy, primarily from the United States and the West. During the last decade, Argentina's foreign policy shows signs of tension between its two main poles, Washington and Brasília, but it shows few signs of promoting a foreign policy that is consistent and diversified, despite the government's clear "South Americanist" orientation through its preference for Mercosur in the economic realm,

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52 Andrés Serbín and Andrei Serbín Pont, "Quince Años de Política Exterior Bolivariana: Entre el *Soft-Balancing* y la Militarización?" in Hershberg, Serbín, and Vigevani (eds.), *Pensamiento Propio: "El Hemisferio en Transformación: Regionalismo, Multilateralismo y Políticas Exteriores en Un Entorno Cambiante,"* no. 39 (January-June 2014), 287-325.

53 Rojas Aravena, "Global Shifts and Changes in Latin America," *Friedrich Ebert Stiftung Dialogue on Globalization* (November 2013), 10.

54 Guadalupe González and Olga Pellicer (eds.), *Los Retos Internacionales de México: Urgencia de Una Mirada Nueva* (Mexico City: Siglo XII), 342.

55 Olga Pellicer, "New Powers in Global Change: Mexico — A Reluctant Middle Power?" *Friedrich Ebert Stiftung Dialogue on Globalization* (February 2006); Natalia Saltalamacchia Ziccardi, "México y América Latina: La Vía Multilateral," in González and Pellicer (eds.), *Los Retos Internacionales de México: Urgencia de Una Mirada Nueva* (Mexico City: Siglo XII), 61-75; Guadalupe González, "América Latina en la Política Exterior: de la Importancia Simbólica a la Oportunidad Real," in González and Pellicer (eds.), *Los Retos Internacionales de México: Urgencia de Una Mirada Nueva* (Mexico City: Siglo XII), 358-375.

56 Llenderozas, 133-134.

UNASUR in the political sphere, and the OAS with regards to human rights.[57] Since their divergence at the Summit of the Americas in Mar del Plata in 2005 — which ended the FTAA negotiations — Buenos Aires has aligned itself with Washington on non-proliferation issues and was recognized as an important partner by the administration of U.S. President Barack Obama, but the two countries have experienced tensions on several occasions, including over Argentina's recent debt crisis and its strong rhetoric with regards to "holdout" U.S. creditors.

Argentina's accumulated tensions on trade and investment issues with Brazil, despite its "strategic relationship,"[58] could mean the end of the "strategic patience" that Brazil has had with its primary regional partner since Lula's government. The addition of Venezuela as the fifth member of Mercosur could be central to the evolution of the trade bloc as a means of international economic insertion for Brazil and Argentina, but Argentina has been influenced by its closeness with Venezuela's Bolivarian government, making negotiations with the EU more difficult.[59] Some analysts posit that Argentina's growing ties with Asia, and particularly with China[60] and Russia,[61] will not be able to obscure the fact that the country to a large degree depends financially on the United States and Europe. However, the reconfiguration of global power and the emergence of new actors in Asia could lead to a progressive disengagement of financial and trade ties with the West — at least during the remainder of Fernández de Kirchner's government — in favor of Argentina's repositioning in the international system, which recently included a failed attempt to join the BRICS during its meeting in Brazil in July 2014.

Although Argentina has been an important player in the "flexible architecture" of the new regionalism that has emerged both with the enlargement of Mercosur and the creation of UNASUR and CELAC, and its identification with some Bolivarian positions, its regional and international power projection has tended to weaken and decline. This is due to domestic political and economic conditions as well as inconsistencies in a foreign policy discourse that is strongly autonomist but which in practice is contradictory given that its economy has been surpassed by Brazil's, Mexico's, and recently Colombia's. Although it makes sense to speak of regional leadership and influence in the cases of Brazil, Mexico, and Venezuela, these have faded over the years in the case of Argentina.

Finally, Colombia's advances in peace talks with guerrillas and the growth of its economy to the third largest in Latin America could eventually lead to a greater role for Colombia in the region as well as the transatlantic sphere. Former Colombian President Ernesto Samper's recent designation as the secretary general of UNASUR as well as Colombia's close economic

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[57] Federico Merke, "Política Exterior Argentina y Elección Institucional," in Hershberg, Serbín, and Vigevani (eds.), *Pensamiento Propio: "El Hemisferio en Transformación: Regionalismo, Multilateralismo y Políticas Exteriores en Un Entorno Cambiante,"* no. 39 (January-June 2014), 353-381.

[58] Alejandro Simonoff, "Las Segundas Partes Nunca Fueron Buenas? Caracterización Preliminar del Nuevo Mandato de Cristina Fernández de Kirchner (12/2011 — 3/2013)," *Estudos Internacionais*, vol. 2, no. 1 (January-June 2014), 61-79.

[59] Simonoff, 76-77.

[60] Francisco Peregil, "China Lanza Una Salvavidas Económico a Argentina," *El País*, July 19, 2014, http://internacional.elpais.com/internacional/2014/07/19/actualidad/1405742581_950064.html.

[61] In July 2014, Russian President Vladimir Putin and Chinese President Xi Jinping visited Buenos Aires and signed two agreements with the government of Cristina Fernández, in various areas.

ties with the United States and EU could lead to a more proactive role for Colombia in the region and in the international system both through its eventual ties to TTIP and its aspiration to become a non-APEC member of TPP. Additionally, the recent election of President Michelle Bachelet in Chile and her decision to build a convergence between the Pacific Alliance and Mercosur could propel Chile into a new regional role.

CELAC as a Transatlantic Interlocutor

Both Brazil and Mexico have been crucial to the establishment of CELAC, which is the first attempt at permanent coordination and dialogue among the 33 countries of Latin America and the Caribbean. It is designed to reinforce capacities for coordination among the LAC countries to address the challenges of a changing world. It offers the possibility of articulating the interests and values of Latin America as a whole and projecting them into the international scene, overcoming the diversity and heterogeneity that currently fragment Latin America — and which make it difficult to find a common agenda toward the United States, the EU, or the rest of the world. It is founded on the principle of complementarity, and is designed to avoid the overlap and duplication of actions by other regional and sub-regional entities.[62] CELAC's development is a gradual and pluralistic process, based on respect for sovereignty and the development of the principle of solidarity, reaffirming the "necessary equilibrium between unity and diversity." In a short span of time, CELAC has established dialogues with global actors such as China, India, the EU, and Russia, which is perhaps the most notable show of convergence and cooperation among its members.[63]

In its founding document, two main objectives are mentioned. The first relates to intraregional ties and aims to build a common space in which to deepen political, economic, social, and cultural integration as well as make commitments to joint efforts on development. The second objective regards external relations and is designed to create a regional voice that can speak as a unified political actor on the international stage. With regards to this objective, the Cancún Declaration "underscores the regional aspiration to reaffirm its presence in the forums in which it participates and make pronouncements on major issues and events on the global agenda."[64] Regionalism is a clear goal of the project, but it also explicitly and strongly expresses the objective to strengthen its role in the international environment as a mechanism to promote the interests of its member states in multilateral institutions and as a space to facilitate the coordination of responses to the main issues on the international agenda.

Through the roles that it plays in the regional coordination system, and through its projection in the international system, if CELAC is consolidated and strengthened, it could make an important contribution to regional and global governance, with implications for the region, the hemisphere, and the global system, particularly at the UN. It could provide benefits for the external relations of its members and on global issues such as effective multilateralism, drugs,

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62 Serbín, "Regionalismo y Soberanía Nacional en América Latina: Los Nuevos Desafíos."

63 José Antonio Sanahuja, "La Unión Europea y el Regionalismo Latinoamericano: Un Balance," *Investigación y Desarrollo*, vol. 21, no. 1 (January-June 2013).

64 Llenderozas, 131-132.

peace and security, the fight against hunger and poverty, and UN reform. In fact, there are practically no issues that fall outside of CELAC's political agenda.

However, not all CELAC countries have convergent policies, not just in the hemispheric and transatlantic realm, but also within Latin America — although one common trait is a desire for greater autonomy from the United States to varying degrees. National interests and the principle of national sovereignty guide their actions on the international stage.[65] Nevertheless, in all of the countries mentioned, there is a complex array of institutional mechanisms through which foreign policy priorities are defined and implemented, spaces that inevitably suffer from a constellation of multiple domestic interests that limit the debate on that policy and its reaches.[66]

Global Changes, Shifting Transatlantic Relations, and New Latin American Actors

In summary, in the last two decades, the Western Hemisphere has experienced an unprecedented transformation, resulting in new forms of multilateralism in the region; new means of developing regionalism and regional integration; and new articulations of tensions and conflicts that are built into a new regional power architecture. It is important to consider political reconfiguration in the region and the respective positioning of certain relevant actors toward emerging regional structures and transatlantic relations. Likewise, it is essential during this ongoing reconfiguration to understand the distinct foreign policies of influential states in the region — in terms of national priorities, decision-making mechanisms, and convergences and divergences between different actors.

In addition to the decreasing strategic influence of the United States and the restructuring of hemispheric relations,[67] Latin America — often under the leadership of Mexico and Brazil — has increasingly built institutional ties with other regions such as Africa, Asia, and the Arab world. Examples include the Summit of South American and Arab Countries (ASPA), South American summits with Africa, and the Pacific Alliance's relations with Asian countries.[68] Likewise, as already mentioned, Brazil has developed as part of its global strategy a specific South-South cooperation agenda with Africa, which is helping redesign the traditional North-South paradigm in the Atlantic.

The United States' strategic distancing from Latin America and the growing autonomy of countries in the region even puts into question the hemispheric forum *par excellence* that is the OAS, and Latin America is reformulating its relations with both the EU and the United States as it moves away from inter-regionalism toward selective strategic agreements. Despite this, the United States and EU continue to be the most important markets for Latin American exports, especially those of highest value-added, as well as the main source of FDI in the region, particularly in the manufacturing and services sectors. Moreover, they are the most

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65 Serbín, "Regionalismo y Soberanía Nacional en América Latina: Los Nuevos Desafíos."

66 Luis Fernando Ayerbe (org.), *Cuba, Estados Unidos y América Latina ante los Desafíos Hemisféricos* (Buenos Aires, Barcelona: Icaria Editorial — Ediciones CRIES, 2011).

67 Hershberg, Serbín, and Vigevani, "La Nueva Dinámica Hemisférica: Desafíos y Potencialidades."

68 Carrión, 75.

important partners for Latin America in terms of investment and employment through technology transfer.

At the same time, the rise of Latin American economies makes them more attractive to foreign investors and as export markets. Additionally, as Sanahuja notes,[69] with regards to the emerging markets in Asia as well as the United States there is an important economic geometry through the mega-regional agreements that demands a strategy based on a network of free trade agreements. In fact, the strategy of free trade agreements that many in the region have pursued has already created an adequate basis through which to take advantage of these agreements, especially for the Latin American countries that have signed FTAs with the EU and United States and that are also important parts of the regional integration architecture.

It is evident that there are opportunity costs; in particular, South-North trade agreements have often weakened Latin American South-South integration. Moreover, the strategies pursued by the Pacific Alliance and what is becoming an "enlarged Mercosur" with the addition of Venezuela, and possibly Bolivia and Ecuador, are quite different and it is hard to evaluate, beyond ideological considerations, which is the most appropriate development strategy based on this landscape.[70] Rosa Conde discusses the possibility of an economic and cultural "civilizing triangle" comprised of Latin America, the United States, and the EU with regards to some issues on the global agenda such as nuclear policy and non-proliferation; migration and remittance policies; combatting drug trafficking; and fighting climate change and poverty.[71] This particular triangulation could respond to the existing similarities and the eventual convergence of U.S. and EU policy toward Latin America, "in large part due to the changing nature of hemispheric relations and the diversity of foreign policies in the Latin American region," going beyond trade and economics to topics such as immigration and drug policy.[72]

Aside from this triangle, another triangle is beginning to emerge in the South Atlantic due to the convergence of relations between Africa, LAC, and Europe, which entails significant future potential as Africa, Latin America, and the Caribbean grow in importance, and as South-South cooperation becomes more important along with the international system's restructuring in terms of power and wealth. In this South Atlantic triangle, stronger economic relations, political dialogue, and development cooperation between Latin America and Africa are generating a new equilibrium as trade and investment from Latin America toward Africa increase and as institutions such as UNASUR or CELAC engage with the African Union.[73] In this regard, Africa-South America summits become an inflexion point.

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[69] Sanahuja, "La Unión Europea y el Regionalismo Latinoamericano: Un Balance," 185.

[70] Sanahuja, "La Unión Europea y el Regionalismo Latinoamericano: Un Balance," 185.

[71] Rosa Conde, "La Unión Europea y el Sistema Internacional," in Rojas Aravena (ed.), *América Latina y el Caribe: Relaciones Internacionales en el Siglo XXI* (Buenos Aires: Editorial TESEO-FLACSO-AECID, 2012), 75.

[72] Jose Antonio Sanahuja and Francisco Verdes-Montenegro, "Seguridad y Defensa en Sudamérica: Regionalismo, Cooperación y Autonomía en el Marco de MERCOSUR," in Serbín, Martínez, and Ramanzini (eds.), *Anuario de la Integración de América Latina y el Caribe 2014* (Buenos Aires: CRIES, 2014), 66.

[73] Sanahuja and Verdes-Montenegro, 68.

Thus, Latin America and the Caribbean are currently characterized by their pluralism and political heterogeneity as well as their efforts to build a space in which different political, social, and economic projects can coexist in a context of democratic stability and credibility. Part of these efforts includes strengthening Latin American identity through regional consultation mechanisms outside the traditional orbit of the United States and the Iberoamerican space. Latin American foreign policies have diversified, and Brazil has emerged as a global leader while exercising cautious leadership within the region. Moreover, there is the general perception that Latin America has become a reliable and necessary global actor, exemplified by the establishment of stable relationships and cooperation as equals with global actors. The relatively limited impact of the economic crisis in the region contributed to the changed perception of Latin America, as the 2008 financial meltdown was the first completely exogenous crisis for which the majority of Latin American countries were prepared and in a position to become part of the solution.

In spite of this new situation and the ongoing construction of a new multilateral agenda, coordinated action and a common strategy for the region have not yet emerged nor has a sustained effort been made to do so, aside from the first steps taken by CELAC. In the transatlantic sphere, even less has been done, apart from the initiatives mentioned above. Until now, multilateralism in the region has been primarily introspective, focused on regional issues and public goods rather than a proactive stance in the global system, perhaps with the exceptions of South-South cooperation between Brazil and Africa and attempts to establish closer links with BRICS and other emerging groupings. Nevertheless, despite the proliferation of summits and the abundance of new regional mechanisms, there are serious doubts about their ability to contribute to effective regional governance in the short term since there is a tendency to address regional crises and inter-state tensions or conflicts reactively.

In addition to its initiatives with Africa, CELAC has been consolidating its process of negotiating agreements with the EU, India, China, and more recently with the BRICS in July 2014, after which CELAC's Troika Plus One (Cuba, Costa Rica, Ecuador, and St. Vincent and the Grenadines) met with the Chinese president to advance agreements between China and the region.

A separate issue is CELAC's relationship with the United States and the inter-American system. Although the United States continues to be the most important external actor for all of the countries in Latin America and the Caribbean, its strategic disengagement from the region after September 11, 2001, and its focus on relations with its closest neighbors have made a CELAC-U.S. bond very low or non-existent in the short run, with hemispheric dialogue remaining within the framework of the OAS, which many countries in the region see as a U.S. instrument that will eventually compete with CELAC.

Moreover, the debate continues about whether transatlantic relations should be channeled through agreements between regional blocs, particularly if the EU should conclude an association agreement with Mercosur or with UNASUR, or perhaps seek a broader strategic agreement with CELAC.

Recent experience shows that although the development of new regionalism has helped strengthen the ability to coordinate positions vis-à-vis third parties, especially in the case of CELAC, the same has not happened with regards to the various issues on the global agenda addressed in different multilateral forums, as illustrated by the lack of coordination among the three Latin American members of the G20 or the recent competition among some of them at the WTO. It remains to be seen whether this coordination will be able to generate common proactive stances on global issues.

The persistence of the Atlantic dynamic with regards to the relationship between the United States and EU, in terms of security and trade as well as other challenges, combined with the difficulty for Latin America in articulating a common voice, raises serious questions about the possibility of creating a broader Atlantic space that responds to the needs of the different actors that try to fill it. In this sense, if the goal behind TTIP is to reignite globalizing Atlantic dynamism, excluding South Atlantic countries will only encourage them to develop closer links with actors in Asia and the Pacific, as evidenced by the ever-closer ties between South America and China as well as the Pacific Alliance's projection toward that space, which could eventually drag some of its partners in UNASUR and CELAC with it. This would mean that many of the evolving Atlantic issues mentioned at the beginning of this chapter — especially energy, maritime resources, and climate change, as well as security and trade — could end up being addressed through external relationships and not within a more endogenous process that reaffirms the Atlantic as an inclusive space.

Any effort to consolidate an Atlantic space should go beyond the privileged relationship between North America and the European Union in the North Atlantic, and the fundamentally asymmetrical interactions between these two actors and Latin America and Africa. It should instead focus on a Latin America eventually represented by CELAC and move to "square the circle," with the active incorporation of Africa — while moving beyond specific U.S. policies in terms of security, specific EU policies in terms of cooperation, and the South-South cooperation promoted by Latin America — in a more active dynamic that enables the effective construction of an Atlantic Community that does not exclude any Atlantic actors. It should focus on a common agenda that includes the provision of public goods and that addresses shared threats and vulnerabilities that could put this project at risk. Beyond the difficult task of creating a common agenda based on shared interests among the four sides of the square, the absences of a common strategy to overcome the existing historic asymmetries between the four regions presents a formidable additional obstacle that creates incentives to develop ties with other regions that are not part of the Atlantic space.

Finally, even if things develop in a direction that enables the creation of an integrated Atlantic space, it remains to be seen if this space would be able to continue to be a dynamic center of globalization in the face of the emerging Pacific space.

Andrés Serbín is the president of the Regional Coordination for Economic and Social Research (CRIES), a Latin American and Caribbean regional think tank, and chair of the Working Group on Dialogue and Mediation at the Global Partnership for the Prevention of Armed Conflict, GPPAC.

6 U.S. and EU Strategies for Engaging with Africa

Amadou Sy

Introduction

Reflecting the growing importance of African issues in U.S. foreign policy, the Obama administration convened the first-ever U.S.-Africa Leaders Summit in Washington on August 4-6, 2014.[1] The summit set the tone for reinvigorating relations with the continent through increased trade and investment as well as commitments to advancing principles of good governance, regional security, and opportunities for African youth and women. Similarly, the European Union held its fourth EU-Africa Summit in April 2014 to renew its joint agenda with Africa and reassess ways to address the challenges of state-building, terrorism, and economic and human development.[2] This chapter compares the respective engagement strategies of the EU and United States with Africa and argues that there are several key areas where the United States and EU converge and would benefit from additional coordination to improve their mutual outcomes in Africa.

Comparing U.S. and EU Relations with Africa

Trade

In the past decade, the United States and EU have experienced dramatic transformations in their trade relations with Africa. According to IMF data, the EU has more than tripled its total trade with Africa from $66.6 billion in 2000 to $200.5 billion in 2013. Meanwhile, U.S. trade with Africa has increased more gradually from $29.4 billion to $63.0 billion, with imports from Africa ($39.5 billion) accounting for nearly double its exports to Africa ($23.5 billion) in 2013. However, in 2011, U.S. imports from Africa — the majority of which entered the U.S. market duty-free under the African Growth and Opportunity Act (AGOA) or the Generalized System of Preferences — had reached a relative peak of $75.7 billion. In the two following years, the United States experienced nearly a 50 percent decline in African imports. In addition, U.S. exports to Africa have remained stagnant at approximately $20 billion since 2008, in stark contrast to the EU's growth in trade with the continent.

To increase its commercial engagement with Africa, the United States has pursued a multifaceted trade strategy, distinguished by the AGOA preference, which was adopted in 2000 and enables African exporters of nearly 6,000 eligible products to access the U.S. market duty-free. The U.S. Agency for International Development has established three regional trade hubs to support African exporters seeking to take advantage of U.S. trade preferences. They are located in West Africa (with offices in Ghana and Senegal, as well as 15 resource centers throughout the region), East Africa (Kenya), and Southern Africa (Botswana).[3] At the August 2014 AGOA forum during the U.S.-Africa Leaders Summit, senior U.S. trade officials announced the United States' commitment to renewing, updating, and expanding the AGOA strategy so that

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[1] Jessica Pugliese, Andrew Westbury, and Amadou Sy, "The U.S.-Africa Leaders Summit: Building a Strategy Together with Africa," *Brookings Institution* [blog post], June 18, 2014, http://www.brookings.edu/blogs/africa-in-focus/posts/2014/06/17-us-africa-leaders-summit-pugliese-westbury-sy.

[2] Cristina Barrios and Alex Vines, *Why Africa Matters*, (Paris: European Union Institute for Security Studies, April 2014), http://www.iss.europa.eu/uploads/media/Alert_26_EU_Africa_Summit.pdf.

[3] Zenia Lewis and Witney Schneidman, "The U.S.-Africa Leaders Summit: Deepening Trade and Commercial Ties," *Brookings Institution* [blog post], July 24, 2014, http://www.brookings.edu/blogs/africa-in-focus/posts/2014/07/24-deeping-trade-commercial-ties.

it covers more products. They also highlighted capacity-building and infrastructure improvement as U.S.-supported activities that will be crucial to enhancing internal and external African trade.[4]

Several other key U.S. programs, including the Trade Africa Initiative and Doing Business in Africa Campaign, aim to increase Africa's commercial ties with the United States and within the African continent. A small number of U.S. foreign commercial service officers (CSOs) are already stationed in Ghana, Kenya, Nigeria, and South Africa to assist U.S. exporters targeting African markets. However, it is expected that their numbers will grow in line with the U.S. Department of Commerce's pledge to double its presence in Africa and open new offices in Angola, Tanzania, Ethiopia, and Mozambique. The U.S. Trade and Development Agency (USTDA) and Overseas Private Investment Corporation (OPIC) also stated that they would be introducing new personnel to work on U.S.-African trade and investment issues in Africa. Furthermore, as announced at the U.S.-Africa Business Forum, the U.S. government is mobilizing and partnering with the U.S. and African private sectors for three of its signature initiatives — Feed the Future, Power Africa, and the Young African Leaders Initiative — in another attempt to spur trade and investment with the region.

The EU's trade promotion strategy has focused on expanding the coverage of Economic Partnership Agreements (EPAs) across the African continent. EPAs are similar to the AGOA preference in the sense that they allow partners to have duty-free access to European markets. Yet they are reciprocal agreements, so they not only give African countries preferential access to European markets, but also give EU countries preferential access to African markets. While the reciprocal nature of these agreements has helped to secure the EU-Africa trading partnership and provide cheaper products for African consumers due to the duty-free conditions, it has also come under fire for undermining African regional trade and integration, in addition to depriving African governments of potential revenues by eliminating export taxes. According to a 2014 report released by the Mo Ibrahim Foundation, EPAs will orient trade toward Europe rather than internally in the continent because they "have rules of origin that differ from those in the RECs [Regional Economic Communities], which are simpler and have lower value-added requirements."[5] The first EPAs signed between the EU and African regions were concluded in July 2014, including six of the 15 countries in the Southern African Development Community as well as the Economic Community of West African States plus Mauritania, indicating the EU's interest in pursuing these policies on a large scale. Considering the impact that these EPAs will have on U.S. and African trade and development strategies, the U.S. government will have to consider how to react to the implementation of these policies.

[4] The White House, Office of the Press Secretary, "FACT SHEET: Investing in African Trade for our Common Future" *White House Press Release*, August 4, 2014, http://www.whitehouse.gov/the-press-office/2014/08/04/fact-sheet-investing-african-trade-our-common-future.

[5] Mo Ibrahim Foundation, *Regional Integration: Uniting to Compete* (London: Mo Ibrahim Foundation, 2014), 21, http://www.moibrahimfoundation.org/downloads/2013/2014-facts-and-figures-regional-integration.pdf.

Investment

Since 2000, global foreign direct investment (FDI) in sub-Saharan Africa has increased dramatically, from over $33.5 billion to $246.4 billion in 2012. According to analysis of the UN Conference on Trade and Development's (UNCTAD) 2014 Bilateral FDI Statistics, the EU and United States accounted for approximately 46 percent of the stock of FDI in the region in 2012.[6] The stocks of FDI in sub-Saharan Africa from the EU and United States nearly quadrupled between 2001 and 2012, from $18.7 billion to $81.3 billion for the EU and $8.2 billion to $30.9 billion for the United States. On average, U.S. and EU FDI grew at an annual rate of 14 percent and 16 percent, respectively, from 2001 to 2012.

Five EU member countries — France (38 percent), the U.K. (31 percent), Germany (8 percent), and Belgium (8 percent) — accounted for over 80 percent of the EU's share of FDI stock in the region. While the EU is considered Africa's largest investment partner in terms of FDI stock, when the EU is disaggregated by country, the United States and France were the largest sources of FDI stock for sub-Saharan Africa in 2012 at $31 billion each, followed by the U.K. with $25 billion. Yet, even though the United States is one of the top contributors of FDI stock to sub-Saharan Africa, only 0.7 percent of U.S. global FDI stock abroad is destined for the region. The United States primarily invests its $367 billion of FDI in Europe (55 percent), Latin America (13 percent), Canada (8 percent), and other developed countries such as Australia, New Zealand, Israel, and Japan (13 percent collectively). Similarly, the EU directs only 0.8 percent of its FDI toward sub-Saharan African countries.

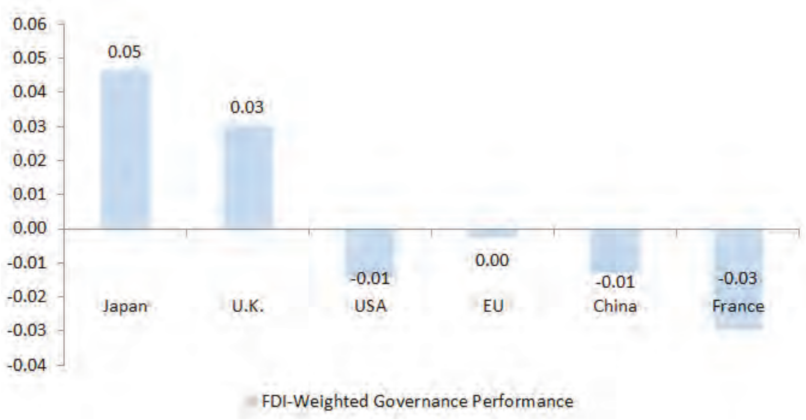
The top destinations for U.S. FDI flows in Africa are Nigeria (37 percent), followed by South Africa (17 percent) and Mauritius (16 percent). For the EU, South Africa comprises a majority of its FDI flows at 63 percent, while Nigeria (9 percent) and Angola (6 percent) both receive notable shares of FDI flows. The fact that these are predominantly resource-rich countries — South Africa with its precious metals and minerals as well as Nigeria with its oil reserves —indicates that natural resources remain a significant factor in attracting investors to the continent. For example, the main sectors in which the United States invested in sub-Saharan Africa were the mining and extractive industries, comprising approximately 58 percent and 30.6 percent of each country's FDI stock to the region in 2011, respectively. However, it is also interesting to evaluate the EU and U.S. investment trends based on the quality of governance in the African countries where their FDI goes.

Investing in countries with relatively higher governance performance can reflect at least three concerns: 1) the investors' level of risk aversion, 2) the pursuit of democratic principles, and 3) the level of pressure from global consumers, who are increasingly scrutinizing their choices along global value chains according to respect for governance indicators, such as respect for human rights. A study conducted by researchers from the Africa Growth Initiative at the Brookings Institution (myself included) revealed that average levels of governance indicators

[6] Amy Copley, Fenohasina Maret-Rakotondrazaka, and Amadou Sy, "The U.S.-Africa Leaders Summit: A Focus on Foreign Direct Investment," *Brookings Institution* [blog post], July 11, 2014, http://www.brookings.edu/blogs/africa-in-focus/posts/2014/07/11-foreign-direct-investment-us-africa-leaders-summit.

in FDI recipient countries[7] are comparable for the EU and United States (weighted by the share of total FDI flows in the host countries between 2001 and 2012; see Figure 1). When the EU is disaggregated by individual member countries, France has the largest share of investment in countries with the lowest levels of governance.

Figure 1: Governance performance level weighted by the share of FDI totals 2001-2012 in host countries



Source: Copley, Maret-Rakotondrazaka, & Sy, 2014

To enhance good governance principles through their investment strategies, both the United States and EU have developed several policies to promote transparency and accountability in investment. The U.S. Dodd-Frank Act, for example, requires public disclosure of payments at the project level from listed companies involved in extractive industries. Other initiatives require companies to eliminate conflict minerals from their supply chains. For instance, the use of coltan originating from the Democratic Republic of Congo (DRC) and neighboring countries is effectively banned. UNCTAD data show no record of U.S. investment stock in the DRC from 2007 onwards. The EU has a similar set of policies manifested in its Accounting and Transparency Directives. Furthermore, the United States, along with the EU, is a participant in the Kimberley Process, which has banned the sale of "blood diamonds." Other transparency initiatives supported by the United States include the Extractive Industries Transparency Initiative (EITI), the International Tropical Timber Organization (ITTO), and the International Chamber of Commerce (ICC) Rules on Combating Corruption.

Another investment policy option for the United States and EU in Africa is the use of bilateral investment treaties (BITs), agreements signed between countries aiming to promote FDI by ensuring certain guarantees (i.e., against expropriation) for investors in unstable business environments. BITs are low-cost options to encourage reform in business climates while simultaneously signaling investor commitment to host countries. Ideally, they strike a balance in upholding principles that protect and stimulate foreign investment while providing FDI

[7] The study used the World Governance Indicators in 2012 (http://www.govindicators.org/) produced by Kaufman, Kraay, and Mastruzzi, which cover six dimensions of governance: voice accountability, rule of law, government effectiveness, political stability, regulatory quality, and control of corruption.

recipient countries with sufficient leeway to implement their development agendas and protect their own societies and environment. For the EU, member countries negotiate BITs bilaterally; France has 18 in sub-Saharan Africa, the U.K. has 21, and Germany has 39. The United States has only six.

According to Benjamin Leo, of the Center for Global Development, the United States is so far behind in part due to limited U.S. "negotiating capacity" — it has only a few commercial service officers on the ground to negotiate these treaties, whereas the EU has distributed delegations of commercial attachés at offices and embassies in nearly all African countries.[8] The United States has also focused its efforts on establishing trade and investment framework agreements (TIFAs) in the region, which provide a forum for engaging in discussions on trade and investment, but do not confer protections on investors or indicate a serious commitment to host countries since they are not legally binding. Furthermore, the U.S. Model BIT, which it uses as a starting point in its negotiations, is a very dense and complicated legal document that is difficult for many countries to review and discuss without adequate legal support (which some of them lack). These compounding factors hinder the United States from establishing mutually beneficial investment agreements with countries in sub-Saharan Africa.

Aid

In 2012, the total net official development assistance (ODA) to Africa amounted to over $51.4 billion, according to OECD figures.[9] The top five bilateral and multilateral donors of ODA to Africa were the United States with $9.1 billion, EU institutions with $7.1 billion, the World Banks' International Development Association with $4.7 billion, France with $4.1 billion, and the U.K. with $3.4 billion. Since 1975, the United States and France alternated between being the continent's first and second largest donors of bilateral ODA (see Figure 2). However, in 2004, the United States surpassed France as the largest bilateral donor to Africa and has since steeply increased its contributions so that it now more than doubles France's annual contributions.

France and other EU member countries have reduced bilateral ODA to Africa as growth in their overall bilateral ODA has generally stagnated since 2005 (see Figure 3). This is, in part, due to the 2008 onset of the global financial crisis and the EU debt crisis.[10] For example, some of France's bilateral ODA contributions are linked to its GDP, so as GDP growth slows, so too do its ODA disbursements. Yet, despite the slowdown in bilateral ODA, it is worth noting that multilateral ODA contributions from EU institutions to Africa have been on the rise. In 2004, EU institutions' ODA disbursements to Africa exceeded even those of the World Bank, making the EU the largest multilateral donor to Africa at present (see Figure 4).

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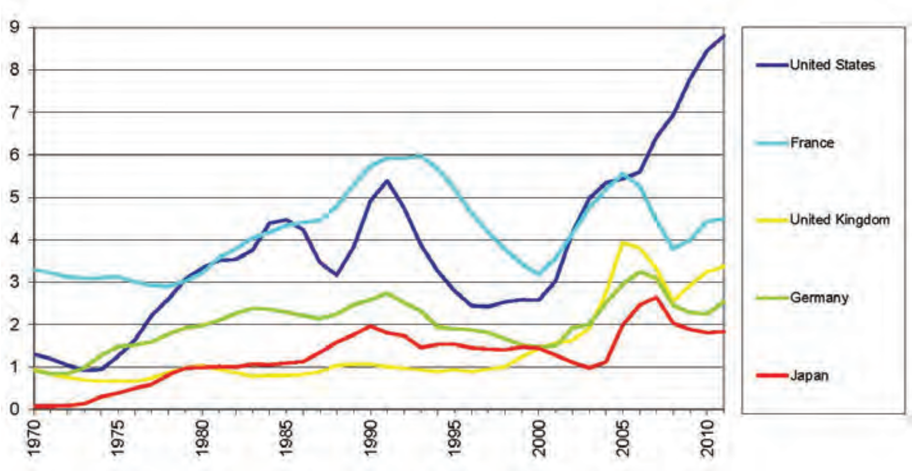
[8] Benjamin Leo, "Why Can't America Do Investment Promotion in Africa Like China (or Canada)?" *Center for Global Development* [blog post], March 27, 2014, http://www.cgdev.org/blog/why-can%E2%80%99t-america-do-investment-promotion-africa-china-or-canada.

[9] OECD, *Development at a Glance: Statistics by Region, Africa*, (Paris: OECD, 2014), http://www.oecd.org/dac/stats/documentupload/2. Africa - Development Aid at a Glance 2014.pdf.

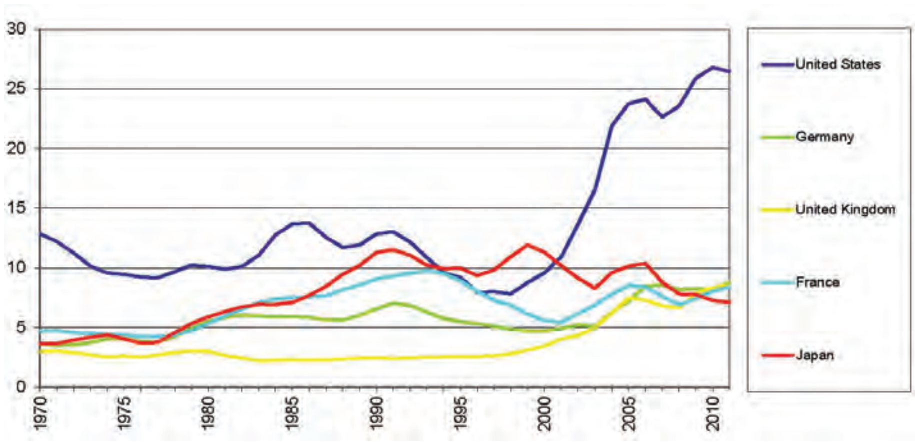
[10] UNECA, *The Impact of the European Debt Crisis on Africa's Economy: A Background Paper* (Addis Ababa: African Union Commission, 2012), http://www.uneca.org/sites/default/files/page_attachments/com12-theimpact-of-theeuropeandebtcrisis-onafricaeconomya-backgroundpaper_en_0.pdf.

Figure 2: ODA to Africa by largest bilateral donors since 1970, in $ billions



Source: OECD, 2014

Figure 3: ODA by largest bilateral donors since 1970, in $ billions

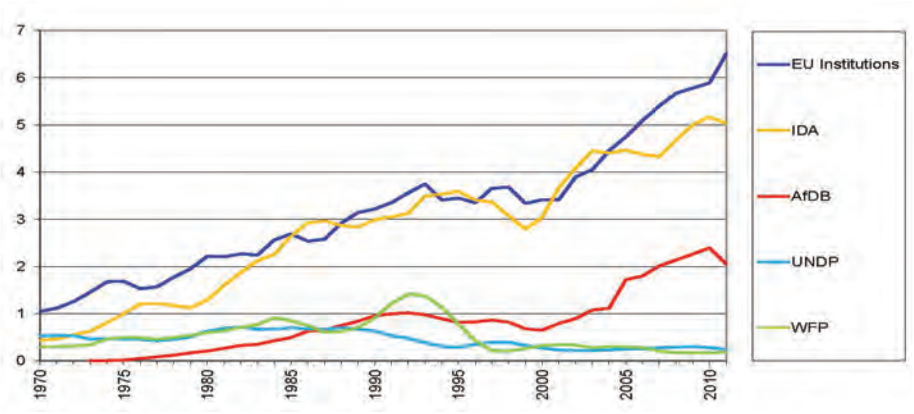


Source: OECD, 2014

The increase in ODA from EU institutions to Africa, and the concurrent reduction in bilateral ODA from individual EU member countries to Africa, may reflect member countries' preferences in channeling aid through the multilateral EU system, as well as their commitments to expanding EU ODA to the continent. In 2010, EU member countries contributed, on average, 19 percent of their bilateral ODA budgets to EU institutions; top donors by volume were Germany ($2.9 billion), France ($2.7 billion), and the U.K. ($2.1 billion).[11] Furthermore, EU institutions have committed to "increasing [their] financial assistance for sub-Saharan Africa

[11] OECD, *Multilateral Aid Report* (Paris: OECD, 2012), http://www.oecd.org/dac/aid-architecture/DCD_DAC(2012)33_FINAL.pdf.

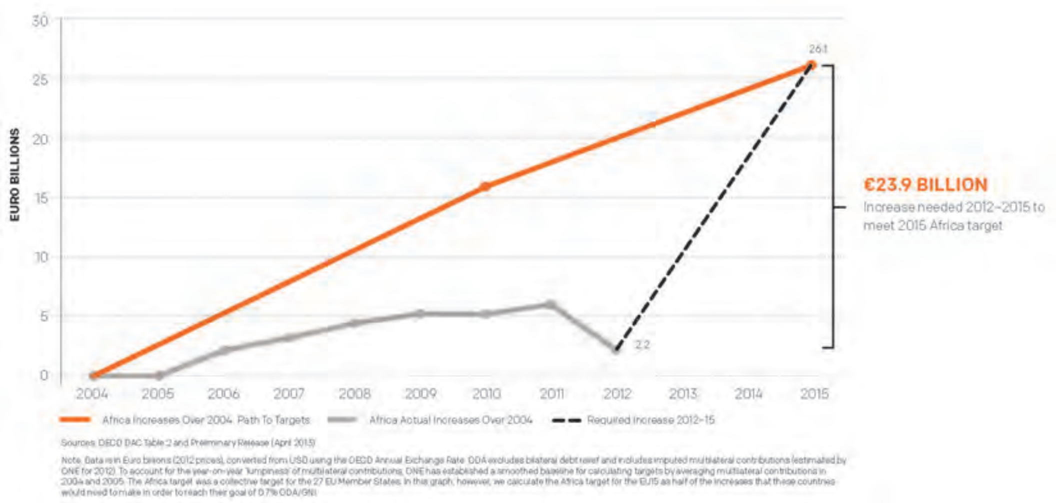
Figure 4: ODA to Africa by largest multilateral donors since 1970, in $ billions



Source: OECD, 2014

by collectively allocating at least 50 percent of [increases] in ODA resources to the African continent," although they currently fall short of this target, as seen in Figure 5.[12] Still, trends in growing EU funding may help account for the losses in bilateral funding.

Figure 5: EU15 progress toward the collective 2015 Africa target, in € billions



Source: The One Campaign, 2013

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12 The One Campaign, *The 2013 Data Report: Special Report Tracking Development Assistance, European Union* (Washington, DC: The One Campaign, 2013), http://one.org.s3.amazonaws.com/pdfs/data_report_2013_tracking_development_assistance_eu.pdf.

The United States expended 54 percent of its disbursements to Africa on social sector programming in 2012, with specific allocations to populations and reproductive health (30 percent); basic health (8 percent); government and institutions (8 percent); and education, water supply and sanitation, and other infrastructure (8 percent). It also contributed nearly 25 percent of its ODA to humanitarian aid, while the remaining 21 percent was allocated to economic and production assistance (11 percent) and multi-sector, general programming, and debt relief (10 percent). The considerable proportion of ODA focusing on populations and reproductive health can be attributed to spending for the President's Emergency Plan for AIDS Relief (PEPFAR), which provides resources to combat HIV/AIDS for 14 countries.[13]

Figure 6: Sector allocation of U.S. economic assistance, in $ millions)

	FY 2014	FY 2015 Request
Peace & Security	79.9	91
Governance	150	273
Health	5015	4915
Education	410	241
Economic Growth	877	988

Source: Ingram, 2014

Based on the U.S. government's FY2015 budget request, the U.S. ODA budget to Africa is expected to shift, increasing assistance in governance and economic growth-related programming, while slightly reducing funding for health programming, as seen in Figure 6.[14] Considering that the U.S.-Africa Leaders Summit emphasized new investments through public-private "blended" initiatives, such as President Obama's Power Africa and Feed the Future Programs, as well as the Doing Business in Africa campaign, there is likely to be an increase in ODA to support economic and production-oriented programming as well.

EU institutions, on the other hand, concentrated 50 percent of their funding on economic and production-oriented activities in 2012. The sectors receiving sizable contributions were energy (17 percent); transportation and communications (11 percent); industry, mining, and construction (11 percent); and agriculture, forestry, and fishing (9 percent), with the remaining 2 percent allocated to banking and other business services. Social sector disbursements accounted for 29 percent of EU institutions' ODA, while only 3.2 percent of ODA was allocated to humanitarian aid. However, individual donors such as the U.K. and France both allocated nearly 22 percent of their bilateral disbursements to humanitarian aid, demonstrating their preference to pool funding for strategic economic programming, but to operate on a bilateral basis with respect to humanitarian assistance.

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[13] George Ingram and Steve Rocker, "U.S. Development Assistance and Sub-Saharan Africa: Opportunities for Engagement," in *Top Five Reasons Why Africa Should Be a Priority for the United States* (Washington, DC: Brookings Institution, 2013), http://www.brookings.edu/research/reports/2013/04/us-development-assistance-engagement-africa-ingram.

[14] George Ingram, "The U.S.-Africa Leaders Summit: Africa's Dramatic Development Story," *Brookings Institution* [blog post], July 28, 2014, http://www.brookings.edu/blogs/africa-in-focus/posts/2014/07/28-us-africa-leaders-summit-development-ingram.

Security

The United States and EU are major partners with the African continent in its diverse national and regional security efforts. They make significant contributions to African peacekeeping and military operations through the UN system, although they also provide additional funding to countries on a bilateral basis. The United States is the single largest financial contributor to UN peacekeeping, funding 28.4 percent of the total budget in 2013.[15] The 28 EU member states in aggregate contributed 36.8 percent of the budget ($2.7 billion), with France (7.2 percent), Germany (7.1 percent), and the U.K. (6.7 percent) funding the largest proportions of the EU contributions.[16] While these substantial financial contributions amount to nearly 65 percent of the total UN peacekeeping budget, the number of troops contributed to UN peacekeeping operations by the United States and EU member states, along with other top donors such as Japan, Canada, and Australia, accounted for less than 6 percent of all UN peacekeeping troops by mid-2013 — revealing a preference for both donors to commit financial but not troop support to these missions.

European foreign policy has long been concerned with the security challenges on the African continent given the involvement of former European colonial powers (specifically, France and the U.K.) in the region's social and economic development, as well as the significant number of European citizens and strategic commercial assets in Africa. Over the past century, African security initiatives have been pursued by individual European powers in their traditional spheres of influence. However, since the early 2000s, with the establishment of the Common Security and Defense Policy (CSDP) allowing for pooled European military and defense resources, the EU has become a growing African security actor, providing funding, equipment, and troops to UN- and African-led military operations (see Figure 7). As of July 2014, the EU is supporting ten ongoing military and civilian operations in Africa — two per country in the DRC, Somalia, and Mali; one each in Niger, Libya, and the Central African Republic; and a maritime training mission in five countries and the Western Indian Ocean.[17]

In 2004, the EU established the African Peace Facility (APF), a mechanism of the European Development Fund (EDF) that channels collective EU funding for military interventions in Africa. This mechanism was updated in 2007 with the establishment of the EU's first-ever Peace and Security partnership with Africa through the Africa-EU Joint Strategy.[18] The Peace and Security Partnership's primary objective is to "achieve the effective functioning of the [African Union's] African Peace and Security Architecture to address peace and security chal-

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15 United Nations Peacekeeping, *Financing Peacekeeping* (New York: United Nations, 2014), http://www.un.org/en/peacekeeping/operations/financing.shtml.

16 Thierry Tardy, *Funding Peace Operations: Better Value for EU Money,* (Paris: European Institute for Security Studies, 2013), http://www.iss.europa.eu/uploads/media/Brief_38_Funding_peace_operations.pdf.

17 EU External Action Service (EEAS), *Ongoing Missions and Operations* (Brussels: EEAS, 2014), http://www.eeas.europa.eu/csdp/missions-and-operations/.

18 The Africa-EU Partnership, *A Joint Africa-EU Strategy*, (Lisbon: EEAS, 2007), http://www.africa-eu-partnership.org/sites/default/files/documents/eas2007_joint_strategy_en.pdf.

Figure 7: EU military and civilian operations in Africa, 2003-14[a]

Dates	Country	Type of Mission	Mission Objectives	Size (approx. numbers of international personnel)
Jun – Sep 2003	Democratic Republic of Congo (DRC)	Operation Artemis to stabilize the Bunia region before UN troops arrived – military	Help stabilize security conditions and improve humanitarian situation in Bunia	1,800
Dec 2004 – Jun 2007	DRC	EUPOL Kinshasa police mission – civilian	Monitor, mentor, and advise the Integrated Police Unit	30
Jun 2005 – present	DRC	EUSEC DRC: mission to assist security sector reform – civilian	Advise and assist authorities in charge of security	50
Jul 2005 – Dec 2007	Darfur, Sudan	EU assistance to AMIS African Union mission – civilian and military	Support AU political, military, and police efforts to address crisis in Darfur	47
Jul – Nov 2006	DRC	EUFOR DRC: assist UN to supervise elections – military	Help UN peacekeeping force secure the region during elections	2,300
Jul 2007 – present	DRC	EUPOL DRC Police mission: assist reform of Congolese national police – civilian	Assist police authorities in field of security sector reform	50
Mar 2008 – Mar 2009	Chad, Central African Republic	EUFOR Tchad/RCA: policing mission and military security	Protect civilians in danger and UN personnel; facilitate delivery of aid	3,700
Jun 2008 – Sep 2010	Guinea-Bissau	EU SSR Security Sector Reform mission – civilian	Advise and assist security sector reform	24
Dec 2008 – present	Off the coast of Somalia	Operation Atalanta: EU naval force against piracy – military	Protect merchant and vessels of the World Food Programme; deter, prevent, and bring to an end acts of piracy	1,200
Apr 2010 – present	Somalia/ Uganda	EUTM Somalia: mission to train security forces – military	Train Somali security forces	100
(Apr 2011)	Libya	EUFOR Libya: deliver humanitarian aid – military	Mission was to supply aid, but only if UN requested assistance. The mission was never launched.	n/a

[a] European Foreign Policy Unit, "EU Civilian and Military Missions 2003-14" [data file], 2014, http://www.lse.ac.uk/internationalRelations/centresandunits/EFPU/EFPUpdfs/EU-Civilian-and-Military-Missions-since-2003.pdf.

Dates	Country	Type of Mission	Mission Objectives	Size (approx. numbers of international personnel)
Jun 2012 – present	South Sudan	EUAVSEC South Sudan: aviation security mission – civilian	Strengthen aviation security at Juba International Airport in response to invitation by South Sudan	44
Jul 2012 – present	Somalia, Djibouti, Kenya, the Seychelles, Tanzania, and Western Indian Ocean	EUCAP NESTOR: maritime training mission – civilian	Enhance maritime capacities of five countries; to complement Operation Atalanta and EUTM Somalia.	40
Aug 2012 – present	Niger	EUCAP SAHEL: security forces training – civilian	Provide Nigerien Forces with counter – terrorism and anti – organized crime training and advice	50
Feb 2013 – present	Mali	EUTM Mali: security sector forces training mission – military	Help re – establish democratic order and state authority; neutralize organized crime and terrorist threat	500
May 2013 – present	Libya	EUBAM Libya: border assistance mission – civilian	Help authorities enhance security of borders	100
Jan 2014 – present	Central African Republic	EUFOR RCA Bangui – military mission	Help achieve safe and secure environment in Bangui; help protect population	600
Apr 2014 – present	Mali	EUCAP SAHEL Mali: security forces training – civilian	Support to stability, institutional reform and the full restoration of state authority throughout the country	n/a

lenges in Africa."[19] It expanded the role of the APF to not only support military and peacekeeping operations, but also to fund conflict prevention and stabilization efforts as well as coordination and logistical support during conflicts. At the end of 2013, the APF had provided nearly $791 million (€600 million) to support AMISOM in Somalia and approximately $66 million (€50 million) to support AFISMA in Mali; by the end of 2012 it had also provided

[19] European Commission, *Africa-EU Peace and Security Partnership*, (Brussels: European Commission, 2014), http://ec.europa.eu/europeaid/what/development-policies/intervention-areas/peace-and-security/africa-eu-peace-security-partnership_en.htm.

roughly $132 million (€100 million) to support MISCA and then MICOPAX in the Central African Republic. All of these are African Union-led peacekeeping missions.[20]

Independently of the EU, France and the U.K. have their own military footprints in Africa. France has military bases in Dakar, Libreville, and Djibouti, and it is conducting security operations across the continent, including Operation Unicorn in Côte d'Ivoire, Operation Sparrowhawk in Chad, and Operation Boali in the Central African Republic (Operation Serval in Mali concluded in July 2014).[21] On August 1, 2014, it also launched Operation Barkhane, which calls for 3,000 troops to be deployed across five countries in the Sahel (Burkina Faso, Chad, Mali, Mauritania, and Niger) to support African counterterrorism and regional securitization efforts.[22] Furthermore, France addresses issues of African peace and security through its role on the UN Security Council and has led military interventions under a UN mandate or with support from African and UN troops. The U.K. also has bases in Sierra Leone and Kenya, which focus mainly on providing training to the Sierra Leonean and Kenyan security forces, but which also, in the case of Kenya, provide the armed forces with training on safe landmine clearance practices through its International Mine Action Training Center (IMATC).[23]

Compared to the EU, the U.S. presence on the continent is relatively limited. It coordinates all of its operations from the United States Africa Command (AFRICOM) in Stuttgart, Germany, and has only one official African base (in Djibouti, although it also has established drone bases in Niger and Ethiopia as well as unofficial bases in Uganda and Burkina Faso).[24] However, as a part of its African security strategy, the United States has reached a large number of countries through its distributed network of specialized technical training programs, intelligence programs, and logistical support. For example, the United States has spent $241 million on its Africa Contingency Operations Training and Assistance (ACOTA) program since 2009, which "has trained more than 248,000 peacekeepers from 25 partner countries across the continent, prior to their deployment to UN and AU peacekeeping operations."[25] The United States has also provided training and equipment to police forces through its support of the International Police Peacekeeping Operations Support (IPPOS) program, which has worked with over 1,100 African police prior to their deployment to UN peacekeeping operations in Darfur, South Sudan, and Mali.

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[20] Dominik Balthasar and Cristina Barrios, *Africa: The EU-U.S. Security-Economy Nexus*, (Paris: European Union Institute for Security Studies, July 2014), http://www.iss.europa.eu/uploads/media/Alert_34_Africa.pdf.

[21] Andrew Hansen, "The French Military in Africa," *Council on Foreign Relations* [blog post], February 8, 2008, http://www.cfr.org/france/french-military-africa/p12578#p4.

[22] Maxime Larivé, "Welcome to France's New War on Terror in Africa: Operation Barkhane," *The National Interest*, August 7, 2014, http://nationalinterest.org/feature/welcome-frances-new-war-terror-africa-operation-barkhane-11029.

[23] Harriet Alexander, "Where Are the World's Major Military Bases?" *The Telegraph*, July 11, 2013, http://www.telegraph.co.uk/news/uknews/defence/10173740/Where-are-the-worlds-major-military-bases.html.

[24] Adam Taylor, "MAP: The U.S. Military Currently Has Troops in these African Countries," *The Washington Post*, May 21, 2014, http://www.washingtonpost.com/blogs/worldviews/wp/2014/05/21/map-the-u-s-currently-has-troops-in-these-african-countries/.

[25] The White House, Office of the Press Secretary, "FACT SHEET: U.S. Support for Peacekeeping in Africa," *White House Press Release*, August 6, 2014, http://www.whitehouse.gov/the-press-office/2014/08/06/fact-sheet-us-support-peacekeeping-africa.

At the U.S.-Africa Leaders Summit in August 2014, the Obama administration announced a new security initiative: the African Peacekeeping Rapid Response Partnership (or "A-Prep"), which will focus on "build[ing] the capacity of African militaries to rapidly deploy peacekeepers in response to emerging conflict."[26] Through the program, the U.S. government will invest $110 million per year for three to five years to provide military training, equipment, and institutional support to six countries initially: Senegal, Ghana, Ethiopia, Rwanda, Tanzania, and Uganda. In the past year, the United States and EU have even partnered together through the Global Counterterrorism Forum (GCTF) to support the work of the Horn of Africa Region and Sahel Region Capacity-Building Working Groups.[27] They are also specifically funding and providing technical expertise to the Dutch-Moroccan Foreign Fighter Project to prevent and prosecute foreign fighters in the Maghreb and Sahel countries.

Strategies with Africa

Lessons from the First U.S.-Africa Leaders' Summit

Moving forward from the 2014 U.S. and EU summits, both partners have laid out their approaches and themes for further engagement with Africa. At the U.S.-Africa Leaders Summit, the following issues were emphasized as strategic areas for sustained engagement with Africa: 1) investing in Africa's future, 2) advancing peace and regional stability, 3) governing for the next generation, 4) investing in women for peace and prosperity, and 5) providing skills and opportunities to youth.[28] To achieve these objectives, the Obama administration has proposed the following activities:

1. **Investment**. Investments in public health, agriculture ($10 billion through the New Alliance for Food Security and Nutrition), and energy ($26 billion through Power Africa) were highlighted as critical to the development of the African continent and will receive continued support from the government. The United States also seeks to expand trade and increase investment by renewing and updating AGOA and mobilizing partnerships with the private sector.
2. **Regional Stability**. The United States will address regional peace and security in Africa by contributing to UN peacekeeping operations and implementing its own capacity-building initiatives, A-Prep and the Security Governance Initiative (SGI), which focus on training, equipping, and providing institutional support to partner militaries and civilian organizations.
3. **Governance**. The United States committed to continuing the dialogue on African governance by creating a joint high-level working group on illicit financial flows and corruption.

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26 Ibid.

27 The White House, Office of the Press Secretary, "FACT SHEET: U.S.-EU Counterterrorism Cooperation," *White House Press Release*, March 26, 2014, http://www.whitehouse.gov/the-press-office/2014/03/26/fact-sheet-us-eu-counterterrorism-cooperation.

28 The White House, Office of the Press Secretary, "Statement by the Chair of the U.S.-Africa Leaders Summit," *White House Press Release*, August 6, 2014, http://www.whitehouse.gov/the-press-office/2014/08/06/statement-chair-us-africa-leaders-summit.

4. **Women**. Fuller participation of women in business and government was recognized as a crucial step toward unlocking the potential of African societies and economies. The United States will increase financial and technical assistance to female entrepreneurs, support their integration into peacebuilding processes, and support parliamentary efforts to advance women's rights.
5. **Youth**. The United States pledged to expand its engagement with African youth through the Young African Leaders Initiative (YALI) by doubling the number of youth leaders participating in the Mandela Washington Fellowship, establishing African regional leadership centers, and creating online educational tools for professional and vocational education as well as resources for young entrepreneurs.

Lessons from the Fourth Africa-EU Summit

The five pillars of the 2014-17 Roadmap for the Joint Strategy are based on the following joint priorities between the EU and Africa: 1) peace and security, 2) democracy, good governance, and human rights, 3) human development, 4) sustainable and inclusive development and growth and continental integration, and 5) global and emerging issues.[29] According to the roadmap, these key pillars will be operationalized through the following actions:

1. **Security**. On African security initiatives, the EU has predominantly worked through the African Union's African Peace and Security Architecture (APSA) to build institutional and troop capacity, especially the African Standby Force, and it will continue to prioritize the capacity-building of these structures and forces. It also highlights key areas where additional attention and cooperation would be needed, including the protection of civilians, especially women and children in conflicts, as well as "terrorism and related threats and transnational organised crime including trafficking in human beings, drugs, arms trafficking, and illegal trade in wildlife."[30]
2. **Governance and human rights**. The EU will work to reduce corruption and promote accountability and transparency through relevant conventions, assist in the national (and regional) ratification of key treaties, including the African Charter on Democracy, Elections, and Governance, and provide technical and financial assistance in the monitoring of elections.
3. **Human development**. The EU's human development-oriented activities will fall under three general categories: science, technology, and innovation (promoting joint Africa-EU research synergies); higher education (providing scholarships and fellowships to African students and scholars, reinforcing existing exchange programs, and developing centers of excellence through the Pan-African University); and mobility, migration, and employment (reducing the cost of remittances, improving migration management, and upholding the human rights of migrants).

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[29] The Africa-EU Partnership, *Fourth EU-Africa Summit: Roadmap 2014-2017* (Brussels: The European Council, 2014), 2, http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/142094.pdf.

[30] Ibid., 3.

4. **Economic development and integration**. Promoting sustainable, inclusive development and economic integration are the core features of the EU's commercial strategies. The EU's multifold approach to achieving these goals includes strengthening public-private partnerships; supporting the accession of African countries to the WTO; expanding EPAs while simultaneously working to increase intercontinental trade; maintaining the annual EU-Africa Business Forums; prioritizing strategic investments in the fields of energy, transport, water, and information and communication technologies (ICT); and implementing the agriculture, food security, and safety strategy through the Comprehensive Africa Agriculture Development Programme (CAADP).
5. **Global issues**. The EU has also committed to working with African leadership in the areas of climate change, the post-2015 development agenda, arms and weapons of mass destruction proliferation, and reform of international governance structures in their respective international fora.

Opportunities for EU-U.S. Cooperation in Africa

There are many points on which the EU and United States align regarding their strategies with Africa. Both the United States and EU agree that promoting regional integration and expanding Africa's external trade are essential for the continent to reach its full economic potential. Equally, they recognize the importance of mobilizing the private sector to collaborate with African investors and governments in order to develop key sectors such as energy, agriculture, and infrastructure.

However, the EU and United States differ in their approaches to achieving these objectives. For example, while the United States seeks to promote trade through AGOA, a non-reciprocal agreement, the EU is pursuing its agenda using reciprocal EPAs. Since these EPAs have been criticized for deterring intra-African trade and integration and blocking U.S. access to African markets, it is essential that U.S., EU, and African leaders have a frank discussion to re-examine how their policies affect African and international trade dynamics. Meanwhile, the United States could benefit from following EU member countries' lead regarding the proliferation of BITs as development tools, because its current TIFAs are doing little to promote investment on a comparable scale.

With respect to aid and security policies, there are also commonalities between the United States and the EU, especially in terms of supporting women in business, government, and peace processes, and combatting terrorism globally and in Africa. Yet, they often use different channels for achieving the same goal. For instance, the United States channels its peacekeeping funding through the United Nations while the EU finances the African Peace and Security Architecture of the African Union. The United States and the EU both provide funding bilaterally to countries as well. The United States' new A-Prep and SGI and the EU's involvement in Mali and the Central African Republic show they are both committed to expanding these initiatives. While the United States has worked to eliminate violent extremism in the Sahel and Horn of Africa regions through its security and intelligence organization capacity-building programming,[31] the EU has focused on strategic countries such as Mali and Niger (through its EUCAP SAHEL civilian missions) to achieve the same objectives. Equally, France has just launched Operation Barkhane, which will boost the number of French troops in the Sahel and allow for additional resources and programming in security sector reform. As leaders in countering violent extremism around the globe with similar strategic interests in the countries of the Sahel and Horn of Africa, the United States and the EU should coordinate closely to reduce duplication of their efforts, optimize how they allocate their resources, share leading counterterrorism practices, and improve their communications with relevant African Union bodies. The lessons learned from the U.S. and EU experiences in countering violent extremism throughout Africa and internationally could help inform African counterterror strategies as crises unfold, such as in Nigeria.

The United States prioritizes aid for public health and other social programming, while the EU focuses its multilateral ODA more on economic programming and its bilateral aid from its member states on social programming, including humanitarian aid. Achieving complementarities such as these is vital to creating a holistic approach to addressing African security and development challenges. Meanwhile, both partners have begun to shift the focus of their economic agendas and international development activities from aid to trade. Trade and investment in Africa, however, could become a divisive issue for the EU and the United States if the conflicting agendas of the reciprocal EPAs and non-reciprocal AGOA preferences are not resolved. Both partners must coordinate to maximize the scope of their social investments in infrastructure, education, and health systems across the continent, because trade and investment alone will not necessarily yield the inclusive economic opportunity and growth that African leaders are working toward. Moreover, promoting good governance and creating secure and inclusive political and commercial environments must remain core pillars of each partner's commitments to the continent. These principles can be upheld through relevant transparency mechanisms such as EITI, ITTO, and ICC, of which both partners are already members, as well as through collective enforcement by the partners, while also supporting African governments in ratifying relevant accountability treaties and enhancing the voices of civil society organizations.

Conclusion

As long-standing partners with the African continent, the EU and United States are renewing their commitment to addressing security, economic, and human development concerns. African leaders appear to welcome the opportunity to forge closer partnerships with the United States and EU to contend with these challenges at the bilateral and regional levels. Particular strategies where increased cooperation between the EU and United States would benefit both partners' relations with Africa include joint counterterrorism efforts — which both partners have been supporting for more than a decade — and promoting trade and investment in Africa as a means of advancing economic and social development.

[31] Including the Trans-Sahara Counterterrorism Partnership (TSCTP) and Partnership for Regional East Africa Counterterrorism (PREACT).

However, for any common agenda to yield effective and sustainable results, Africa's economic and political integration will need to be strengthened and accelerated. Increased African economic integration would create larger markets for global trade and investment. Stronger African political integration will help prioritize the policy agenda. It would also help African countries better coordinate their policy response and implement key policies. For EU and U.S. efforts at supporting regional integration in Africa to have a bigger impact on the lives of Africans, deepened engagement should start with Regional Economic Communities (RECs) and the African Union. African RECs and the African Union would benefit from funding and capacity-building, such as for the design, implementation, and monitoring of common African policies. Building strong institutions would help lay the basis for faster and better African integration, which in turn would help ensure better cooperation with European and U.S. partners.

Amadou Sy is a senior fellow in the Africa Growth Initiative and currently serves as a member of the Editorial Board of the Global Credit Review.

7 Security and Cooperation in the South Atlantic: The Role of Regional Organizations

Adriana Erthal Abdenur

Introduction

Within mainstream international relations scholarship, the South Atlantic has long been treated as a "strategic backwater" — a term that betrays the geopolitical biases of the North Atlantic. However, over the past few years, a number of studies — especially from within the region itself — have begun to contest this understanding of the South Atlantic as lacking meaning and importance. By reconsidering the South Atlantic in light of the meanings attached to this space by local social groups — state and non-state actors alike — this literature contributes to a more localized understanding of security and cooperation in the region, for instance by considering how governments of rising powers engaged in region-building efforts work to deepen ties between South America and Africa.

This chapter seeks to contribute to the critical reinterpretation of the South Atlantic by ratcheting up the level of analysis from the state level to that of regional institutions. More specifically, it explores the role of regional organizations, especially those with an explicit security dimension, in reshaping the South Atlantic since the end of the Cold War. The chapter centers on the following research questions: How has the landscape of regional organizations on both the South American and African sides of the South Atlantic changed during this period? Secondly, to what extent do the overlaps across those organizations contribute to security and cooperation in the South Atlantic? The very act of posing these questions presumes that the South Atlantic, far from an interstitial void, constitutes a space to which a variety of actors, from states to private sector companies to civil society entities, attach meanings and importance. This fact, in turn, helps shape their behavior, including cooperation and competition.

The purpose of this chapter is not to provide iron-clad conclusions, but rather to explore the configuration of networks emerging in the region and how this web of institutions shapes the interests and behavior of actors within the South Atlantic space, particularly with respect to international security issues. Broadly put, the chapter argues that this landscape can best be described as an emergent web of overlapping regional organizations — not all of which are security-specific, yet whose security dimension has been reinforced in the post-Cold War period. Rather than the product of a specific policy or conscious coordination among actors, this web is the result of incremental initiatives by a variety of actors pursuing sub-regional or local interests. In addition, far from uniform, this web is characterized by "thickening" clusters interspersed with gossamer-thin areas and large structural holes, both of which pose challenges to security in the region. This web of regional organizations lacks a center of gravity, although the Zone of Peace and Cooperation of the South Atlantic (ZOPACAS), whose revitalization is being spearheaded by Brazil, could help bridge the gaps in the South Atlantic security framework. In the meantime, it would be premature to speak of a regional security complex, although such an architecture may be within the realm of possibility, provided there is sufficient political will among the wide variety of local actors.

The following section provides a brief overview of the current literature on regional security and links it to the small, yet growing, scholarship on the South Atlantic. Next, the chapter analyzes the proliferation of regional institutions in the South Atlantic. The conclusion examines the implications of this landscape for security and cooperation in the South Atlantic and notes some directions for future research.

Changing Perspectives on Regions and International Security

Over the past two decades, a substantial academic literature has emerged on the links between regions and international security. Some of the factors behind this phenomenon have to do with the regional nature of certain security issues, while others are related to deeper structural changes in the international system since the end of the Cold War. Many current security challenges either arise as regional issues or become such by spilling over borders. In addition, changes within the global governance architecture in the field of security have led to a greater emphasis on regions. Specifically, the expansion and intensification of the UN Security Council's understanding of what constitutes threats to international peace and security has boosted the number and size of peacekeeping missions and other international security efforts, requiring the UN to forge more partnerships with regional organizations. Many regional organizations around the world have become more proactive in addressing security issues within their respective areas and have sought a greater degree of empowerment. Finally, with the perception of a relative decline in U.S. power, certain regional powers have been engaging in region-building efforts whereby they try to mold their regions in accordance with their interests, including by building up regional institutions of their choice.[1]

As part of this burgeoning literature, Buzan and Waever have proposed the concept of regional security complexes as a way to analyze the clustering of security issues and initiatives around a geographic space. They define a regional security complex as "a set of units whose major processes of securitization, de-securitization, or both are so interlinked that their security problems cannot be reasonably analyzed or resolved apart from one another."[2] The concept attempts to reconcile the view that unipolarity is still the predominant shaper of the international order with the perspective that globalization has entailed a deterritorialization and reconfiguration of the world order. The emergence of a regional security complex depends heavily upon the development of high interdependence among geographically proximate states with respect to security issues, in such a way that regional security acquires a degree of internal coherence and autonomy vis-à-vis global processes. In the absence of such coherence, however, it is important to describe and analyze other possible configurations of local actors with respect to security and cooperation.

Even if the South Atlantic is marked by a high degree of fragmentation when compared to other regions, this does not preclude the appearance of certain alignments and even institutional arrangements at the regional and sub-regional levels. From an analytical perspective, it is necessary to reconceptualize this space, which has frequently been characterized as having lost considerable geopolitical importance in the 20th century, especially when compared to the North Atlantic. According to Lesser, "…the northern dimension [of the Atlantic] was

[1] Adriana Abdenur and Danilo Marcondes de Souza Neto, "Region-Building by Rising Powers: the South Atlantic and Indian Ocean Rims Compared," *Journal of the Indian Ocean Region*, vol. 10, no. 1 (2014), 1-17.

[2] Barry Buzan and Ole Waever, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2003), 491.

paramount, and the southern periphery marginalized. The non-aligned movement notwithstanding, the importance of actors in the 'global south,' where they mattered at all, was largely derivative of priorities and competitions centered elsewhere."[3]

The Eurocentric view of the South Atlantic tends to gloss over the viewpoints of locally situated actors. In order to grasp the dynamics and possibilities of security and cooperation within this region, the South Atlantic must be understood according to the narratives and behaviors of the societies and countries that compose this particular space.

In order to begin delimiting what is meant here by the South Atlantic, it is perhaps easier to begin by specifying what this landscape is not. First, there is no mutual security treaty within the South Atlantic region akin to the North Atlantic Treaty Organization (NATO). Partly by choice and partly due to limited capacity, local states have opted not to enter such an arrangement even though the idea of such a treaty has been floated from time to time.[4] Second, there is no single state acting as the guarantor of security in the region, nor a dominant bilateral rivalry among states vying to become the primary policing force within the area. Finally, although there are several states (including Brazil, Nigeria, and South Africa) that aspire to consolidate positions of regional leadership — at least with respect to their continental regions — no clear local or external hegemon dominates the South Atlantic.

This does not mean that the South Atlantic is a vacuous geopolitical space; it is not devoid of power asymmetries or changing security concerns, competing interests, and emerging cooperative ties. As already mentioned, states within the South Atlantic pursue a variety of interests, such as securing maritime resources. This was already the case during the Cold War, but these dynamics and interests have intensified and changed in the past two decades, especially with the decline of unipolarity and the transition toward a more complex international order. With the United States and its allies busy addressing security priorities elsewhere around the world — in North Africa, the Middle East, and Central Asia — local actors within the South Atlantic have become more proactive within this space, including with respect to creating or consolidating regional organizations.

This growing dynamism is a product of several different factors. Over the past 15 years, maritime resources have become more easily extractable due to rapidly advancing technologies (such as innovations that permit commercial-scale exploration of pre-salt oil and gas reserves as well as other minerals on or within the seabed). This has led companies from within and outside the region to view the South Atlantic as a promising frontier for natural resource extraction, especially given political instability in other oil-rich areas of the world. Due to the growth of international trade, maritime trade routes now criss-cross the South Atlantic, creating new private sector interests. Moreover, civil society entities have launched new initia-

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[3] Ian Lesser, "Southern Atlanticism: Geopolitics and Strategy for the Other Half of the Atlantic Rim," *Brussels Forum Paper Series*, German Marshall Fund of the United States, March 2010.

[4] See, for example, Andrew Hurrell, "The Politics of South Atlantic Security: A Survey of Proposals for a South Atlantic Treaty Organization," *International Affairs*, vol. 59, no. 2 (1983), 179-193.

tives related to development cooperation, environmental protection, and knowledge exchange across the South Atlantic.

In addition to these factors, new regional configurations have emerged on both sides of the South Atlantic — most of which are territorially focused but which increasingly have interests that look toward the maritime space and to states across the South Atlantic. Whereas regional integration efforts within the developing world from the 1950s through the 1970s were typically inspired by the European model and had a strongly protectionist bent, especially in Latin America, the ground-up social movements that emerged in the 1990s within the context of broad democratization played important roles in the emergence or reconfiguration of regional organizations. Accordingly, theoretical approaches to regional dynamics have also shifted from a primarily functionalist perspective that focused on cooperation and integration to a more pluralist perspective that tends to stress the fragmented nature of region-building efforts by non-state actors such as NGOs and private sector firms. Since the turn of the millennium, the emergence of new regional dynamics has become part of a broader post-Cold War phenomenon of proliferating regional institutions — what Acharya calls a multiplicity of "regional worlds."[5]

New perspectives on regional organizations note certain methodological challenges. As Cooper and Stubbs have noted,[6] the study of regional institutions within a given space often relies on mapping exercises consisting mostly of listing organizations, with little attention paid to how those organizations intersect and interact. In addition, despite significant differences across cases and contexts, the European Union model is frequently used as a default comparison point, even though mimicry of the EU is no longer as widespread or straight-forward as it was during the Cold War. Instead, more in-depth explorations of the evolving structural arrangements of regional institutions are needed. For instance, it is necessary to consider more carefully the ways in which different regional organizations overlap, interlock, and interact. These areas of intersection can be sites of conflict or cooperation as the organizations acquire compatible or contradictory functions.[7] Analyses of regional dynamics can also be geared at identifying whether and why a specific regional organization has become the focal point of a particular region.[8]

In addition to this "bird's eye view" type of analysis, it is necessary to investigate overlaps among regional institutions from the perspective of specific states and other actors because the appearance of intersections may change the incentive structure for cooperative, competitive, conflictive, and other behaviors. For instance, a multiplicity of regional arrangements in a given area may lead states to engage in "forum shopping," choosing to take certain issues

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[5] Amitav Acharya, *The End of American World Order* (Cambridge: Polity, 2014).

[6] Andrew Cooper and Richard Stubbs, "The 'Thickening' of Regional Institutions in the Americas and the Asia-Pacific: A Comparative Analysis," paper prepared for the FLACSO-ISA Joint International Conference, Buenos Aires, Argentina, July 23-25, 2014.

[7] Detlef Nolte, "Latin America's New Regional Architecture: A Cooperative or Segmented Regional Governance Complex?" *European University Institute Working Paper RSCAS 2014/89* (2014).

[8] Geoffrey Garrett and Barry Weingast, "Ideas, Interests, and Institutions: Constructing the European Community's Internal Market," in Goldstein and Keohane (eds.), *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change* (Lawrence: University of Kansas Press, 1993), 173-206.

to specific regional organizations according to the likelihood of that agenda being advanced on that particular platform, relative to other available options. Finally, changes in regional dynamics may have consequences at a normative level, not only for regional actors but also for the global community, as regional organizations become a way to protect or enhance the collective autonomy of regional actors through the creation of regional norms.[9]

In light of this burgeoning literature on regional dynamics, the next section of this chapter examines the relevance of regional organizations for security and cooperation in the South Atlantic. Attention is paid not only to the proliferation of regional organizations in South America and Africa, but also to the emergence of new configurations across the South Atlantic — here defined as the broad region encompassing South America and Africa, primarily those states and societies located along or within the South Atlantic ocean.

Regional Organizations and the South Atlantic

The post-Cold War era has brought about a variety of regional and sub-regional organizations in both South America and Africa. Although the economic, political, and security contexts on these two sides of the South Atlantic have considerable differences, the aftermath of the Cold War encouraged a flurry of institution-building at the regional and sub-regional levels on both sides of the South Atlantic.

Regional Organizations and Security in Latin America

Although many Latin American countries have high rates of violent as well as non-violent crime, the region is peaceful compared to most parts of the world, having experienced little interstate violence in the past two decades. There have been exceptions, such as the 1995 war between Ecuador and Peru, but the region's conflict-mediation and other institutions, combined with the region's relative insulation from the broader international system, have led to a remarkably peaceful continent.[10] In recent decades, international security concerns have primarily centered on the spread of transnational organized crime. In particular, the conflict in Colombia — a country that has closely aligned with the United States through the War on Drugs — has had spillover effects and has prompted sharp debates about regional security. So-called "new security threats," including cyber security issues, human trafficking, and piracy, have also provoked ongoing discussions about the role of regional institutions in addressing Latin American security issues.

The role of regional organizations in these issues has changed over time. Not only have established organizations undergone transformations, new ones have emerged and new links among different institutions have grown, with varying degrees of permanence. As a result of these processes, the landscape of regional organizations in Latin America can best be

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9 Acharya, "Norm Subsidiarity and Regional Orders: Sovereignty, Regionalism, and Rule-Making in the Third World," *International Studies Quarterly*, vol. 55, no. 1, 95-123.

10 Jorge Domínguez, David Mares, Manuel Orozco, David Scott Palmer, Francisco Rojas Aravena, and Andrés Serbín, *Peaceworks No. 50: Boundary Disputes in Latin America* (Washington, DC: United States Institute of Peace, 2003), http://www.usip.org/publications/boundary-disputes-in-latin-america.

described as an uneven mix of initiatives, with newer institutions superimposed upon established organizations — some of which have changed their missions or become inactive.

With respect to security, regional organizations during the Cold War existed under the umbrella of the 1947 Inter-American Treaty for Reciprocal Assistance (TIAR). Not a regional organization, but an arrangement that established a hemispheric, U.S.-centric security culture, TIAR was invoked several times during the 1950s and 1960s before losing steam, particularly with the Malvinas/Falklands War when the United States took the side of its NATO ally, the United Kingdom. The Organization of American States (OAS), headquartered in Washington, DC, originated out of a similar hemispheric (and U.S.-centered) impulse; it was a product of the post-war search for peace, stability, and development through cooperation with the United States. Since its foundation, the OAS has functioned as a forum for discussion of security issues, either through its various mechanisms dedicated to mediation and dialogue or through channels established on a more ad hoc basis.

Starting in the 1960s, regional organizations emerged in Cold War-era Latin America as both responses to, and reflections of, the 1957 creation of the European Economic Community. Multilateralism in general, but also regional arrangements more specifically, were viewed by the region's actors as a way to protect themselves from the power asymmetries stemming from the bipolar configuration of that era, as well as U.S. dominance in the region in the aftermath of World War II.[11] These projects — intended to foment integration and cooperation among member states while protecting local economies from accelerating globalization — fell by the wayside as a wave of authoritarianism swept through the region. The exhaustion of the import substitution model, exacerbated by the energy crisis of the 1970s, further eroded some of those early organizations, even as these factors drove Latin America into deep foreign debt, economic stagnation, and sharpening social inequalities.

Those regional, primarily economic, organizations lost momentum as the Bretton Woods organizations, in particular the International Monetary Fund (IMF), became more influential in the region through the structural adjustment packages of the Washington Consensus era. One notable exception is the Common Market of the South, also known as Mercosur, which was founded in 1991 by Brazil, Argentina, Uruguay, and Paraguay. The bloc's launch was a major political landmark for the Southern Cone of South America, since it provided Brazil and Argentina — which had a long historical rivalry that included an incipient nuclear arms race during the Cold War — an institutional mechanism through which to overcome their antagonism and to deepen cooperation, especially on economic and development issues. The bloc's explicitly security-related discussions have been limited since Mercosur is primarily a customs union and trading bloc, but it is not without relevance to regional peace. For instance, Mercosur discussions took place in 2004 when bloc members became the primary component of the UN MINUSTAH peacekeeping mission to Haiti. More broadly, coordination and cooperation among member states is viewed as an important and lasting component of the

[11] Monica Herz, "Institutional Mechanisms for Conflict Resolution in South America," in Crocker, Hampson, and Aall (eds.), *Rewiring Regional Security in a Fragmented World* (Washington, DC: United States Institute of Peace, 2011).

peaceful solution to the sharp antagonisms between Brazil and Argentina that existed before and during the Cold War.

The end of the Cold War and the bipolar configuration of the world system, combined with a resurgence of democratic governance within Latin America, generated new regional initiatives that were — unlike their predecessors — heavily influenced by the new dynamism of civil society actors, including social movements and NGOs. The EU was no longer the primary source of inspiration for new regional organizations in Latin America. The new wave of regional initiatives also addressed more diverse issues, beyond the economic and ideological themes of previous regional initiatives.[12] In addition to the emergence of new projects, some Cold War institutions were transformed or acquired new functions; for example, the Andean Community, founded in 1969, was transformed into a free trade area in 1993.

However, far from substituting the old arrangements, these new initiatives were superimposed upon pre-existing organizations, and many sectors saw more continuity than change; for instance, the United States still advocated for the OAS to play a central role, especially in security issues. With respect to trade and investment, the U.S.-led hemispheric project took the form of the Free Trade Area of the Americas (FTAA) proposal, which collapsed in 2005. In many ways, the initiative revived Pan-Americanist ideas from earlier decades, seeking to integrate the region's countries (except Cuba) by disseminating liberal democratic values and economic policies. Nevertheless, the idea encountered considerable resistance in Latin America as local societies began to contest neoliberal regionalism.[13] By the early 2000s, negotiation meetings were met by anti-globalization and anti-corporate protests. The political atmosphere that had favored the United States also began to change, a shift that would begin to affect not only U.S. influence on Latin American economic policy, but also the region's security architectures.

With leftist governments coming to power in several countries after the turn of the millennium, a third wave of regionalism swept Latin America in the form of new sub-regional initiatives. Economically, these new organizations sought state-driven development models that also addressed the needs for greater social inclusion. Many such policies were formulated in open opposition to decisions taken in previous decades, with the "Bolivarian" states in particular rejecting earlier alignments with the United States on economic, political, and security issues.

The idea of reviving and expanding South-South cooperation was often openly presented as a positive alternative to relations with the United States and its allies, becoming firmly entrenched and promoted through discourses of horizontality and solidarity. These regional initiatives covered a broader range of issues, including security topics. The region's long-standing legalist tradition, based on the idea of upholding a system of international norms and conflict resolution, favors dialogue and negotiation over the use of force. The 2003 Declaration on Security in the Americas, issued at the landmark Special Security Conference in Mexico,

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12 Pía Riggiozzi, "Region, Regionness, and Regionalism in Latin America: Towards a new Synthesis," *New Political Economy*, vol. 17, no. 4 (2011), 421-443.

13 Harold Trinkunas, "Reordering Regional Security in Latin America," *Columbia Journal of International Affairs*, vol. 66, no. 2 (Spring/Summer 2013).

provided a multidimensional definition of security and called for a flexible architecture capable of accommodating the regional players' different security priorities, from Colombia's concerns with transnational crime to Chile's emphasis on human security. The consensus-based process was also designed to allow for different levels of association — prompting a shift from the concept of collective security to that of "cooperative security," with a strong focus on confidence-building measures.[14]

The regional initiatives arising out of this paradigm were driven by sometimes divergent political motivations. With the OAS weakened in part due to the anti-U.S. stance of several Latin American states, some leaders sought to launch alternatives. Venezuela and Cuba teamed up to launch ALBA, the Bolivarian Alliance for the Peoples of Our America, in 2004. The project was promoted by its founders as a way to counter U.S. power — its original intent was to offer an alternative to the FTAA — yet its scope so far has been restricted to trade among member states, with only scant contributions toward a more robust regional security order.

Shortly after the foundation of ALBA, as Brazil's power grew, an opportunity arose for Brazil to spearhead a reconfiguring of the South American regional security order. Brazil helped to spearhead the Union of South American States (UNASUR), founded in 2008 by bringing together Mercosur and the Andean Community (CAN). UNASUR at present has 12 member states and two observer states, Mexico and Panama; like ALBA, it excludes the United States. Its security agenda is institutionalized in the South American Defense Council, created at the December 2008 summit, and is founded on the idea of cooperative security, with leaders drawing frequent comparisons to NATO's collective security model. UNASUR has already played some role in intrastate tensions, especially by serving as a platform for multilateral discussion of emerging issues — for instance, in 2009, after an agreement between Colombia and the United States on the use of military bases in Colombian territory was sharply criticized by other South American states.[15]

It is worth noting the diversity of positions with respect to security. Mexico is strongly aligned with the United States, as is Colombia. Sub-regional arrangements such as Mercosur and CAN, both originally dedicated primarily to development and economic issues, have also launched security-oriented dialogues, especially with respect to transnational crime. The emerging web of organizations has no clear hub, and existing mechanisms are viewed as highly variable in efficacy, with significant inadequacies for dealing with potential threats and conflicts in the region.[16] However, UNASUR could potentially function as a hub within South America, particularly if major states such as Brazil, Argentina, and Venezuela continue to invest in the institutionalization of bodies such as the Defense Council.

Regional Organizations and Security in Africa

In comparison with Latin America, Africa has been characterized by much greater diversity in nearly all dimensions. Compared with Latin America's 20 sovereign states and 4 territories,

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14 Herz.

15 Samy Adghirni (2009), "Unasul continua sem consenso sobre bases," *Folha de São Paulo,* September 16, 2009.

16 Herz.

Africa has 54 sovereign states, 9 territories, and multiple areas where governance is contested or chaotic. There are also considerable historical differences. Most African states gained independence a century or more later than their South American counterparts, and under very different conditions. During the Cold War, African states emerged with borders that had been drawn (often arbitrarily) by colonial powers, with little state and institutional capacity, marked by complex overlaps in ethnic groups across porous borders and caught between the two Cold War rivals.

As a result of these and other factors, security threats in Africa are also highly complex, with factors ranging from ethnicity to natural resource scarcity contributing to interstate conflict, and a strong tendency for intra-state conflicts to become regional issues. Food insecurity and health challenges such as the HIV/AIDS epidemic and the 2014 Ebola epidemic add to this already complex scenario. In the post-Cold War period, despite a decrease in the number of inter-state conflicts, the rapid expansion of transnational organized crime, terrorist groups, and insurgent movements — all of which exploit the low capacity of some states within the region — has presented new security challenges.

Particularly after the turn of the millennium, the high incidence of conflict spillover in the region has prompted discussions in Africa about the need for regional institutions capable of dealing with African issues of development as well as security. This impulse was compounded by lingering resentment of former colonial powers and the perception that, as in the case of the 1994 Rwanda genocide, intervention by the international community was slow and ineffective.

As in Latin America, some sub-regional organizations emerged during the Cold War to foster economic cooperation, and over time they acquired some security attributes. The Organization for African Unity (OAU) was established in 1963 during a time of prevailing anti-colonial sentiment in the hopes that a regional organization could foster greater unity among African states. However, the OAU (which later became the African Union) was frequently criticized as a mere talk shop, lacking mechanisms to promote development and to deal with conflicts (a point that became particularly evident as the civil wars in Nigeria and Angola continued unabated). The effort proved inadequate for addressing regional security crises, with member states adhering strongly to the principle of non-interference in the internal affairs of states.

Most sub-regional organizations in Africa are referred to as regional economic communities (RECs). The Economic Community of West African States (ECOWAS), founded in 1975, was originally more focused on the development and integration of its member states, but over time it also began addressing security concerns. In 1990, member states signed a non-aggression protocol. In the aftermath of the Cold War, as several member countries lapsed into civil conflict (Liberia, Sierra Leone, and Côte d'Ivoire), ECOWAS increasingly took on regional security functions, although it did not abandon its development and integration goals; if anything, ECOWAS came to view these activities as increasingly necessary for regional stability. New mechanisms launched by ECOWAS in the 1990s included the Monitoring Group (ECOMOG), a peacekeeping force (which intervened in Liberia in 1990 and Sierra Leone in 1997), and an Early Warning and Response Network, ECOWARN. Along with other African RECs, ECOWAS became one of the building blocks of the African Economic Community. The RECs are mostly trade blocs, some of them with security functions, and there is considerable overlap in their memberships. Other RECs with member states along the South Atlantic include the Economic Community of Central African States (ECCAS) and the Southern African Development Community (SADC).

The 2002 creation of the African Union (AU) was a major landmark for regionalism in Africa more broadly. The initiative arose in part as a response to the 1994 genocide in Rwanda, when the lack of a timely response by the international community prompted a discourse of "African solutions for African problems," with African leaders promoting the idea that Africans could not rely on the international community for conflict resolution and had to instead develop indigenous mechanisms for conflict prevention and management. However, the AU became an increasingly multidimensional effort that attempted to address not only security issues but also development problems by facilitating integration and by protecting human rights and good governance, as reflected in the creation of the New Partnership for Africa's Development (NEPAD) and the African Peer Review Mechanism (APRM).

On the security front, the AU adopted the African Peace and Security Architecture (APSA), which Ayangafac and Cilliers interpret as "the institutional expression of a vision according to which Africans assume greater ownership and responsibility for African insecurity."[17] For instance, the AU has developed conflict prevention and mediation mechanisms, including the Panel of Wise Men and the African Standby Force, which can be deployed to hotspots with relative agility (as in the crises in Côte d'Ivoire and Sudan). However, APSA's instruments vary greatly in their efficacy, and more recent crises — such as those in Mali, Eastern Congo, and the Central African Republic — have renewed discussions regarding the adequacy of regional organizations and instruments for dealing with African security crises.

On paper, APSA's design is neat and well-ordered, providing for not only integration of its mechanisms but also complementarity vis-à-vis the UN and the RECs. In practice, however, there is wide variation in capacity not only among Africa's regional organizations, but also within APSA itself. In addressing organized crime — including narcotics flows through key African hubs such as Guinea-Bissau and Ghana — ECOWAS has collaborated with the AU through a neat division of labor, with the former focusing on West Africa and the AU undertaking initiatives at the continental level.[18] However, other efforts to coordinate with RECs have been less successful. Compared with ECOWAS, for instance, ECCAS and the Community of Sahel-Saharan States (CEN-SAD) are still marked by low levels of institutionalization and capacity. In addition, the RECs and APSA mechanisms often vie for funding, leading to competitive dynamics that are not always conducive to seamless trans-organizational cooperation.

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[17] Chrysantus Ayangafac and Jakkie Cilliers, "African Solutions to African Problems: Assessing the Capacity of African Peace and Security Architecture" in Crocker, Hampson, and Aall (eds.), *Rewiring Regional Security in a Fragmented World* (Washington, DC: United States Institute of Peace, 2011), 116.

[18] Kwesi Aning, "Identifying and Responding to Africa's Security Challenges," in Crocker, Hampson, and Aall (eds.), *Rewiring Regional Security in a Fragmented World* (Washington, DC: United States Institute of Peace, 2011).

The debate about the need for cooperation with non-African actors, even outside the scope of UN institutions, has recently resurged with respect to perceived maritime threats. Along most of Africa's coastlines, low state capacity to patrol legal waters has created opportunities for illegal exploitation of marine resources. For coastal states along both the South Atlantic and the Indian Ocean, an even more pressing debate has arisen around the issue of piracy, with incidents off the coast of Somalia and the Gulf of Aden prompting a major international intervention entailing cooperation between African forces and efforts by external states and entities, including the United States, the European Union, and China. More recently, piracy in and around the Gulf of Guinea has prompted new discussions about how to boost maritime security in the South Atlantic. This has begun to increase the importance of the Gulf of Guinea Commission, founded in 2001 and comprising Angola, Cameroon, Gabon, Equatorial Guinea, Nigeria, Democratic Republic of Congo, the Republic of Congo, and São Tomé and Príncipe.

Compared with Latin America, in Africa there seems to be greater variability among states and regional organizations regarding the need for, and desirability of, an active role by the international community in times of crisis — in part a function of lower capacity, and in part a result of the higher incidence of conflict.

Regionalism Across the South Atlantic

In addition to the regional organizations that have arisen on either side of the South Atlantic — which are heavily focused on security, development, and governance issues in continental South America and Africa — a few initiatives have emerged linking the two regions.

One key factor behind these initiatives is the perception that this maritime space has become more important geopolitically, which is shared by actors from both sides of the South Atlantic as well as many outside the region. Over the past ten years, the maritime trade routes across the South Atlantic have proliferated, not only as trade between South America and Africa increase, but also as Asian states — especially China — have increased their commercial exchanges with both South America and Africa. In addition, the South Atlantic began to be perceived as an economic frontier — with oil reserves, not only along the coast but also within the pre-salt layers on and off the continental shelves, as well as other seabed minerals driving new dynamics of exploration. At the same time, new threat perceptions have also emerged that are centered on this maritime space. After September 11, 2001, there was growing concern with port security, including due to the potential for arms or nuclear material smuggling. High incidence of piracy within and around the Gulf of Guinea and the possibility that it may spread to other parts of the South Atlantic have provoked new debates about the need for local as well as regional security arrangements focused specifically on the South Atlantic ocean.

The main initiative so far for interlinking the two regions, one that focuses primarily on the South Atlantic as a maritime space and its bordering states, is ZOPACAS. The zone is a product of the Cold War; its main original objective was to prevent the proliferation of nuclear weapons in the region, with the additional goal of reducing and eventually eliminating the military presence within the South Atlantic of countries outside the organization. In essence, this represents an extension of the nuclear-weapons-free zone in Latin America established through the 1968 entry into effect of the Treaty of Tlatelolco, although unlike ZOPACAS, Tlatelolco binds not only regional states but also overseas countries that have territories in the region to the terms of the treaty (the United States, the United Kingdom, France, and the Netherlands).

ZOPACAS was formally launched on October 27, 1986, at the initiative of Brazil and with support from Argentina. Created in the aftermath of the Malvinas/Falklands war, it was designed to be a platform to boost cooperation among the region's states and help assure stability and security within the South Atlantic. ZOPACAS comprises 24 member states, all of them either littoral or island states within the South Atlantic.[19] A vote at the UN General Assembly resulted in Resolution A/RES/41/11, with the United States as the only member state to vote against the initiative (eight others abstained: Belgium, France, the Federal Republic of Germany, Italy, Japan, Luxembourg, Portugal, and the Netherlands).[20] ZOPACAS reinforced the norm of nuclear non-proliferation in the South Atlantic in September 1994, with the Declaration on the Denuclearization of the South Atlantic.

In the immediate aftermath of the Cold War, ZOPACAS lost steam. Although periodic ministerial meetings had been envisioned as a way to consolidate the organization and expand its goals, over the next decade only six such meetings took place. It was only after the turn of the millennium that the organization began to be revitalized — an effort spearheaded by Brazil, whose new national defense policy makes the South Atlantic one of its top priorities. By reinstating regular meetings and broadening the agenda to cover both security and development cooperation, Brazil has tried to make ZOPACAS into a focal point, or institutional hub, for the region comprising the eastern coast of South America and the western coast of Africa. At the sixth and seventh ministerial meetings of ZOPACAS, held in Luanda and Montevideo, respectively, member states refined a plan of action that boosts cooperation along the three main pillars of the organization: nuclear non-proliferation, development cooperation, and economic relations. The January 2013 Declaration of Montevideo, in particular, offers a variety of rationales for the initiatives, underscoring not only the common perception of the South Atlantic as a space of opportunity, but also shared views that certain threats, including the spread of illegal trafficking, demand collaborative efforts by states along both the South American and African margins of the South Atlantic. While some of the security items on the ZOPACAS agenda are concentrated on the African side of the South Atlantic — for instance, in 2013 the organization issued a formal declaration on political instability in Guinea-Bissau — ZOPACAS has also begun to discuss maritime issues such as piracy in and around the Gulf of Guinea, which members view as necessitating a regional collaborative approach.[21] Finally,

[19] ZOPACAS has 24 member states, all of them either littoral or island states within the South Atlantic: Angola, Argentina, Benin, Brazil, Cameroon, Cape Verde, Republic of Congo, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Namibia, Nigeria, São Tomé and Príncipe, Senegal, Sierra Leone, South Africa, Togo, and Uruguay.

[20] UN General Assembly, Voting Record on Resolution A/RES/41/11, "Declaration of a Zone of Peace and Co-operation of the South Atlantic."

[21] ZOPACAS, "VII Encontro ministerial da Zona de Paz e Cooperação do Atlântico Sul, ZOPACAS, Declaração Sobre a Situação na Guiné-Bissau," January 15, 2013, http://www.itamaraty.gov.br/sala-de-imprensa/notas-a-imprensa/declaracao-sobre-a-situacao-na--guine-bissau-aprovada-na-vii-reuniao-ministerial-da-zona-de-paz-e-cooperacao-do-atlantico-sul-zopacas.

the Declaration frames the zone as a possible platform for strengthening dialogue not only among member states but also between regional organizations such as UNASUR and the African Union[22] — recognizing the need to bridge the more continentally focused regional security and cooperation institutions.

It is worth noting that none of the Northern Hemisphere states with territories in the South Atlantic are members of ZOPACAS (the United Kingdom and Norway both have islands within the South Atlantic, and European countries possess territories in South America and the Caribbean). Neither are Portugal nor other former colonial powers with strong historical interests in the region members, highlighting that the process of region-building advanced through ZOPACAS, while not excluding cooperation with other states, is based on the notion that littoral and island states are the primary actors within the South Atlantic space.

In addition, there are overlaps with other organizations that have members on both sides of the South Atlantic. For instance, five out of the eight member states of the Community of Portuguese-Language Countries (CPLP) are also members of ZOPACAS: Angola, Brazil, Cape Verde, Guinea-Bissau, São Tomé and Príncipe, and Equatorial Guinea. Both Senegal and Uruguay are associated members of CPLP.

The capacity of these institutions, including ZOPACAS, to deal with regional security challenges remains largely untested. Coordination among member states is still incipient, and there is wide variability in the capacity and political willingness of those states to make ZOPACAS the focal hub of the South Atlantic — particularly on the African side, where many littoral states are dealing with instability and human security crises for which national or African security mechanisms are prioritized.

Although ZOPACAS may be, in the long term, the most promising institutional hub for regionalism in the South Atlantic, there are other initiatives linking South America and Africa. However, these have been characterized by low degrees of institutionalization and weak results so far. The Africa-South America Summit (ASA) has brought together heads of state in dialogues designed to boost cooperation across the South Atlantic, but so far has proven little more than a high-level talk shop. Since December 2000, Mercosur has had in place a framework agreement with South Africa, and in December 2004, it signed a preferential trade agreement with the Southern African Customs Unions (SACU). Yet negotiations have been slow, with limited impact on economic relations.

Finally, South America and Africa are increasingly interconnected through trans-regional initiatives linking together rising powers from different regions. The India-Brazil-South Africa Dialogue Forum (IBSA), launched in 2006, includes not only development cooperation but also security dialogues that center on a now well-established trilateral defense initiative: the IBSAMAR operations, a series of naval exercises and simulations held in South African waters thus far. However, over the past three years, IBSA has lost salience relative to the BRICS (Brazil, Russia, India, China, and South Africa) grouping, whose member states have found

[22] ZOPACAS, “VII Encontro ministerial da Zona de Paz e Cooperação do Atlântico Sul, ZOPACAS, Declaração de Montevidéu,” January 14-16, 2013, http://www.defesanet.com.br/geopolitica/noticia/9324/ZOPACAS----Declaracao-de-Montevideu-.

common ground in their shared calls for reform of global governance. The BRICS security dialogues remain exploratory in nature, with the only concrete initiative within the South Atlantic being plans for a series of submarine cables connecting the member states, including a stretch linking South Africa to Brazil. However, the project has yet to be implemented, and the concrete repercussions of these trans-regional initiatives for the South Atlantic remain unclear.

Is a Regional Security Complex Possible in the South Atlantic?

The South Atlantic, long treated by the international relations literature as an inert, marginal space, is being reinterpreted as a dynamic space in which actors from within and outside the region cooperate, compete, and sometimes clash, including with respect to security interests and issues. This chapter has focused on regional security arrangements relevant to the construction of a South Atlantic region — not only the continental initiatives in South America and Africa, but also emerging organizations such as ZOPACAS, which seeks to bridge the South Atlantic and deepen cooperation among littoral and island states within the region.

This landscape of overlapping regional organizations marked by highly varying degrees of institutionalization, different capacity levels, and a wide assortment of agendas covering everything from economic relations to security cooperation, can best be described as a complex and heterogeneous web of institutions. This web is an emergent and highly dynamic configuration arising out of incremental sub-regional initiatives either launched or strengthened in the post-Cold War era. In some areas, overlaps between initiatives, or efforts to consolidate hub organizations, may contribute toward greater local capacity for dealing with the region's increasingly complex security scenario. In other instances, however, the web seems to feature gossamer-thin areas or structural holes that may require complementation, including through the UN architecture, should regional crises emerge.

This highly uneven configuration suggests that local actors are only now starting to view their own security issues as intertwined with those of others in the South Atlantic, especially across the maritime space between South America and Africa. Security interdependence is essential to the emergence of a regional security complex, but the present density of regional organizations geared primarily at the terrestrial dimensions along either margin of the South Atlantic suggests that the oceanic space is viewed more as a barrier than as a conduit for cooperation and dialogue.

However, the discourses of trans-regional institutions such as ZOPACAS clearly attempt to reframe South America and Africa as proximate, if not adjacent, areas, whose security concerns and cooperation possibilities should be jointly explored and acted upon through a regional multilateral framework. Such efforts are seen, for instance, in the securitization of maritime threats such as piracy, transnational drug trafficking, and other illegal flows that either cross the South Atlantic or threaten to do so. If South Atlantic states with comparatively high military capacity, such as Brazil, Nigeria, Angola, and South Africa, decide to further invest in the institution, ZOPACAS could potentially become the hub of an incipient regional security complex. Equally important would be the deepening of broader bilateral ties among states within the region, as well as ad hoc arrangements within and outside the security realm. Dense ties among actors along both sides of the South Atlantic would contribute to the construction of a regional South Atlantic identity that would greatly facilitate not only common threat perceptions, but also shared perspectives on regional solutions to security problems. This depends not only on inter-state relations, but also on interaction among non-state actors such as private sector firms and civil society entities.

Given the dynamism in power relations and security arrangements within the South Atlantic, there are considerable scholarly gaps that need to be addressed, including from an international relations perspective. Future research on the topic should explore not only the growing relations among the South Atlantic's multitude of regional organizations, but also the potential for an institutional hub to arise. Finally, analyzing the intersections and overlaps of this web of organizations may help clarify the strengths and weaknesses of such a complex ad hoc arrangement and its potential to yield a regional security complex.

Adriana Erthal Abdenur is a professor at the Institute of International Relations at the Pontifical Catholic University of Rio de Janeiro.

8 Views from the "North" on the "Wider Atlantic"

Esther Brimmer

Introduction

Perspectives on a Wider Atlantic look different from the shores of North America and from Europe. From the United States, the concept of a Wider Atlantic is largely evaluated within the context of the United States' global position and its changing role as an international leader. It may open new vistas for Canada. For many European observers, a Wider Atlantic poses new opportunities for cooperation, but may also hasten the relative decline of Europe's international position. This analysis will focus on changing political dynamics, the political impact of economic and energy trends, and the outlook for global norms. The chapter will suggest areas in which cooperation among the countries of the Wider Atlantic could advance international order.

A New Atlantic?

The concept of a Wider Atlantic seeks to encompass deeper relations among North America, South America, Europe, and Africa. For 400 years, from the late 15^{th} to the late 19^{th} centuries, these four continents were connected by many strands, from competing empires, trade, colonization, and slavery; to languages and music; to the spread of great ideas and dangerous diseases. In the late 18^{th} and the 19^{th} centuries, the rejection of empires and the emergence of new countries in the Americas severed the old political bonds. Immigration, emigration, trade, and other flows waxed and waned for the following century. Today, the increasing economic and political importance of the countries of the South Atlantic heightens interest in analyzing the Wider Atlantic. For the past several centuries, Europe and the United States have been dominant internationally. Now new powers may become partners and rivals in a changing international system. Yet, the foundations for a new Wider Atlantic rest on deep and difficult roots. Recalling the legacy of empire and fear of domination by powerful northern neighbors is not historical whimsy, but an important reminder when explaining the skepticism of some in the South Atlantic to overtures from the North Atlantic.

The terminology already indicates differences in outlook. The term "North" is usually applied to developed countries, by less developed ones, to separate them from the "Global South." The paradigm behind it places a premium on the "North-South" divide as the organizing characteristic of international affairs. It stresses that the countries of Latin America, Africa, and parts of Asia share the feature of being less developed, and are often presumed to be victims of international economic patterns of the past or present. In the United Nations, the Group of 77, which actually includes over 100 members, reflects this outlook. Two generations ago, the idea gave the power of numbers to countries that did not have political clout or significant economic weight on their own. Developed countries do not usually apply the term "North" to themselves. Moreover, like other geographically derived political labels, it does not quite fit. Australia, a wealthy developed country, is in the geographical south. Continental Asia lies north of the equator. Looking around the Atlantic, the term "North" implies both the countries of the political "North" and those of the geographical North Atlantic.

During the Cold War and after, the allies of the North Atlantic Treaty Organization (NATO) considered themselves part of the "West" in opposition to the "East" led by the Soviet Union.

The "West" also included U.S. allies such as Japan in East Asia and NATO ally Turkey, which spans Europe and Asia. With the end of the Cold War, the term "West" may seem anachronistic. However, policymakers in Washington do see themselves as bastions of a liberal international order based on the rule of law, market economics, and human rights, which used to be labeled "Western liberal values." Today, the old "West" speaks of a general "liberal international order" or of "values" that can be accepted by people everywhere irrespective of geographical position.

The "North" does not call itself the "North." Having a "North" is politically helpful to some leaders in the "South." The concept of a Wider Atlantic suggests the possibilities of one Atlantic. Yet, in April-May 2014, when I interviewed Brazilian officials in the United States and Brazil about whether there were one or two Atlantics, I was told "two," a North Atlantic and a South Atlantic.[1] This is hardly surprising as Brazil often presents itself as a leader of the South. In an ocean dominated by the United States, the notion of a South Atlantic enables Brazil and other countries to have political space.

This chapter adopts the language of the rest of the report, but does not presume the "North" is the only — or even the best — description of the countries of North America and Atlantic Europe. As will be examined, they have very different views of several aspects of the Wider Atlantic. This chapter will address five key points:

- The concept of a Wider Atlantic tends both to enhance U.S. and erode European roles in international politics.
- Security concepts in a Wider Atlantic may not complement NATO's security role.
- Economic opportunity and energy policy drive interest in a Wider Atlantic.
- A Wider Atlantic may support global human rights efforts, but could weaken other values already shared across the North Atlantic.
- Development assistance, long led by North Atlantic countries, will be reconceived in a Wider Atlantic.

The Wider Atlantic and World Politics

The concept of a Wider Atlantic has a differential impact on the countries in the North Atlantic. The concept tends both to enhance U.S. and erode European roles in international politics.

For the United States, views of a Wider Atlantic are linked to views of the United States' role in the world. A Wider Atlantic could, but need not necessarily, bolster aspects of the United States' leadership, but will also challenge it. For Europeans, a latent concern is whether the emergent countries empowered by the recognition of a Wider Atlantic would displace smaller European "middle" powers on the international stage. This is also a question for Canada. The

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[1] Interviews conducted by the author in Washington, DC, New York, and Brasília, April-May 2014. The author would like to thank the SOAR Initiative and the Brazil Initiative, both at George Washington University's Elliott School of International Affairs, for their support. The author would also like to thank research assistant Udunopa Abalu for her help.

economic benefits of deepening trade and investment in a wealthier Wider Atlantic may offset regret at losing political roles — perhaps a welcome relief to publics tired of larger demands.

U.S. policymakers' understanding of the relative decline of the United States compared to the unipolar moment at the end of the Cold War occasions a search for new partners to help sustain international order. The United States and Europe remain pillars of the system, but the actions of emerging powers could help or hinder the operation of that order. There is a lively debate within policy circles about the United States' role as other countries become more powerful.[2] Bruce Jones argues that the international system is *Still Ours to Lead*, with a strong case that the United States has a unique and necessary set of capacities and connections. Charles Kupchan asserts that emerging powers will erode the U.S. hegemonic role, but will not take up the burdens of leadership, leaving the international system to devolve into *No One's World*. Moisés Naím suggests that with *The End of Power*, leadership is more difficult than in decades past.

So far, several emerging powers in the Wider Atlantic seem willing to contribute to peace and security in practical ways, but are less inclined to offer political support to initiatives advanced by the North. Fortunately, the United States does not face an existential threat emanating from the Atlantic region. Instead, intra-state conflicts and non-traditional asymmetrical disturbances are the concern. The fight against drug trafficking in Latin America and increasingly in West Africa is an on-going issue in which the governments of the Wider Atlantic largely have a shared interest and could cooperate further.

Although many of the leading countries are liberal democracies, they do not necessarily support the political or strategic interests of the North or West. Emerging regional powers in the Atlantic region may only be somewhat helpful in bearing the costs of managing the U.S.-led international system from which they benefit. They often take stands that Northern capitals view as particularly unhelpful. Brazil, South Africa, and (non-Atlantic) India often abstain from taking difficult positions that would seem to reinforce current power structures. The leaders of India, Brazil, and South Africa began meeting at the summit level with the formation of the India-Brazil-South Africa Dialogue Forum (IBSA) in 2006. The last meeting was in 2011 and the next is scheduled for 2015. IBSA is even less formal than the BRICS (Brazil, Russia, India, China, and South Africa), whose leaders meet annually. Brazil and South Africa champion sovereignty, an understandable reaction to centuries of colonial domination. Yet, while they criticize the United States for invading Iraq, and Europeans for taking action in Libya, they decline to assert this same principle regarding Russian actions.

The 2014 crisis in Ukraine provides an example. The West sees Russia's annexation of Crimea and its provocation in Ukraine as destabilizing affronts to international norms. On March 27, 2014, the United Nations General Assembly adopted a resolution in support of the "territorial integrity of Ukraine" (A/RES/68/262). One hundred countries supported the measure,

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[2] See Bruce Jones, *Still Ours to Lead: America, Rising Powers, and the Tension Between Rivalry and Restraint* (Washington, DC: Brookings Institution Press, 2014); Charles Kupchan, *No One's World: The West, The Rising Rest, and the Coming Global Turn* (New York: Council on Foreign Relations/Oxford, 2012); and Moisés Naím, *The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being In Charge Isn't What It Used to Be* (New York: Basic Books, 2013).

including Canada, all of the European Union countries, and other Atlantic countries including Guinea, Liberia, Mexico, Nigeria, Sierra Leone, and the United States. Argentina, Brazil, and South Africa abstained, as did China. The Russian Federation opposed. Moreover, the Western countries of the G8 expelled Moscow, returning to the G7. In contrast, Brazil, South Africa, and India met with Russia in the BRICS summit in July 2014 apparently without raising the issue of Ukrainian sovereignty. This summit witnessed a new level of commitment among the countries. The five governments dedicated up to $100 billion to a New Development Bank, which will support infrastructure programs. The bank would begin with $50 billion: $2 billion in cash from each of the five and $40 billion in loan guarantees. Other countries would be allowed to join.

The BRICS also launched a $100 billion foreign exchange facility among themselves. This resource would begin with $41 billion from China, $18 billion each from Brazil, India, and Russia, and $5 billion from South Africa.

Viewed from Washington, Ottawa, London, or Paris, initiatives launched by leading countries in the South Atlantic seemed designed to weaken long-standing political frameworks. The creation of the Union of South American States (UNASUR) and the Community of Latin American and Caribbean States (CELAC) could be seen as new forms of regional cohesion or as deliberate efforts to build institutions that exclude the United States and Canada. Developing countries may feel they receive a more sympathetic hearing in such sub-regional groupings. At the January 2014 CELAC summit meeting in Cuba, Jamaican Prime Minister Portia Simpson noted that, "CELAC is a tangible demonstration of our growing maturity and confidence. Let us work even more closely together for the advancement of our peoples."[3]

For Europe, a Wider Atlantic raises the question: will the larger emerging powers eclipse smaller European countries' international roles? The notion of a Wider Atlantic itself can open up new avenues of European cooperation with countries around the region. However, the related desire to find political space for emerging powers could directly challenge European countries' geopolitical positions. The Group of Four (G4) aspirants to permanent United Nations Security Council (UNSC) seats — Brazil, Germany, India, and Japan — includes a European country. However, discussions of UNSC enlargement can highlight the presence of both the United Kingdom and France as permanent members. The informal agreement that an American will lead the World Bank and a European the International Monetary Fund are further reminders of the legacy of the North's dominance in global structures, which they created. Nevertheless, people from across the Wider Atlantic do lead international organizations. The final contenders to lead the World Trade Organization were widely respected candidates from Brazil and Mexico, with the Brazilian, Roberto Azevêdo, becoming the new director-general.

Ironically, the U.S. Senate's failure to ratify a treaty change by 2014 made the United States the last holdout against completing a reallocation of voting shares in the International Monetary

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3 Portia Simpson, "Statement by the Most Honourable Portia Simpson, Prime Minister of Jamaica to the second Summit of Heads of Government and State of the Community of Latin American and Caribbean States (CELAC)," January 28-29, 2014, http://jis.gov.jm/media/media-CELAC-Statement.pdf.

Fund, even though the redistribution would not affect the United States significantly; it would still be the largest shareholder with a solid blocking position. The change would slightly increase the stake of Brazil and China, but would decrease the weight of European countries. However, unlike voting shares, in most cases the distribution of power is not a zero sum game. There are many types of power and policy; the expansion of one does not necessarily detract from another. Still, in some formal international organizations, over time and in various venues, the rising tide of emerging powers could lap away more from the shores of European international presence than the United States. Still, the coherence among European Union members offers a bulwark to some degree.

Countries of the Wider Atlantic are strong supporters of the United Nations peacekeeping machinery. Certain areas that border the Atlantic experience enough internal conflict to be on the agenda of the United Nations Security Council. Multiple countries in the Atlantic Basin host peacekeeping operations.[4] Countries of the Wider Atlantic, as UN members, are major contributors of personnel and resources to these operations. Over the years, European countries and Canada have contributed peacekeeping troops and leadership. The United States remains the largest single financial supporter. Ghana's Kofi Annan served as secretary-general of the United Nations. Accra hosts the renowned Kofi Annan International Peace-keeping Training Centre. Nigeria is a major contributor of peacekeeping troops, police, and other experts, with over 4,700 deployed.[5] Brazil contributes significant peacekeeping forces to Haiti, and a Brazilian is the force commander of the UN Stabilization Mission in Haiti (MINUSTAH). France, Belgium, Italy, Germany, and now Brazil have headed the Maritime Task Force (MTF) of the UN Interim Force in Lebanon (UNIFIL), off the coast of Lebanon. Brazil contributes a frigate as the Flag Ship of the MTF.

The activities of Brazil's navy closer to home will be of long-term interest to the United States. Not only does Brazil have thousands of miles of coastline to monitor, petroleum reserves in its economic zone propel interest in a deep water navy. Moreover, plans for a nuclear-powered submarine have been debated for years. Brazil will have to decide its naval strategy, but its decisions will be of great interest in Washington. From a "Northern" point of view, the Brazilian navy could help manage the South Atlantic, including counter-piracy efforts. Part of Brazil's deepening diplomatic relations with West African countries may include maritime cooperation. Maritime relations are not completely harmonious across the North and South Atlantic. Although there will be no repeat of the 1982 war, tensions persist between the United Kingdom and Argentina over the Falklands/Malvinas islands that occasionally bubble to the surface of diplomatic discussions, such as when both served on the UNSC.

Naval cooperation could be an area for accord across the North and South Atlantic. However, the South Atlantic would need to overcome its distrust of NATO, because it will continue to be a key component of Atlantic maritime security. The United States has treaty allies committed

[4] The operations include MINURSO, MINUSTAH, MONUSCO, UNMIL, and UNOCI. For more information, see United Nations Peace-keeping: http://www.un.org/en/peacekeeping/operations/current.shtml.

[5] United Nations, "UN Peacekeeping and Police Contributors: Average Monthly Uniformed Personnel Contributors by Country," http://www.un.org/en/peacekeeping/resources/statistics/contributors.shtml.

to collective defense, of which NATO is the premier example. A crucial element of U.S. leadership is its network of alliances and other close relationships. There are also many countries with which the United States has important security and defense relationships. Brazil could be another, but there is currently little interest in Brasília.

NATO's changing activities may be misperceived around the Atlantic. For its members, NATO is the bedrock of their collective security. It is the defensive alliance that won the Cold War, linked North America and Europe, and helped overcome centuries of enmity among its members. In the quarter century since the end of the Cold War, it has evolved to address newer threats to its members' security. NATO went "out-of-area" to confront threats to its members. Transatlantic leaders know well that the Article 5 collective defense clause was first invoked only after the September 11 attack on the United States — neither in the country, nor against the enemy envisioned by those present at NATO's creation. NATO has deployed and lost troops in the Balkans and Afghanistan. The Strategic Concept adopted in 2010 presents three core tasks: 1) collective defense, 2) crisis management, and 3) collective security. NATO describes its crisis management capability as follows:[6]

> NATO has a unique and robust set of political and military capabilities to address the full spectrum of crises — before, during, and after conflicts. NATO will actively employ an appropriate mix of those political and military tools to help manage developing crises that have the potential to affect Alliance security, before they escalate into conflicts; to stop ongoing conflicts where they affect Alliance security; and to help consolidate stability in post-conflict situations where that contributes to Euro-Atlantic security.

Even though the Strategic Concept states that these operations are conducted "always in accordance with international law,"[7] some countries in the Wider Atlantic do not see NATO as a defensive alliance. For example, in his statement at a discussion sponsored by the United Nations Security Council on August 6, 2013, then Brazilian Foreign Minister Antônio de Aguiar Patriota commented specifically on NATO:[8]

> Mention should be made of the North Atlantic Treaty Organization (NATO), a defense alliance that does not seem to frame its activities clearly under Chapter VIII of the UN Charter and that has made use of concepts and strategies that raise problematic and sensitive issues in terms of the articulation between the regional level and the UN system. We are concerned that, historically, leaders of NATO and member countries have considered that the Organization does not necessarily require explicit authorization from the Security Council to resort to coercion. We are also concerned that NATO has loosely interpreted mandates for action aimed at promoting international peace

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[6] NATO, "Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organisation adopted by Heads of State and Government in Lisbon," November 19, 2010, para. 4a, http://www.nato.int/cps/en/natolive/official_texts_68580.htm.

[7] Ibid, para. 4.

[8] Antônio de Aguiar Patriota, "Cooperation between the United Nations and Regional and Subregional Organizations in Maintaining International Peace and Security," Speech at the UN Security Council, August 6, 2013, http://www.un.int/brazil/speech/13d-AAP-CSNU-coop-btw-un-Reg-Subregl-org-maintaining-peace-security.html.

> and security authorized by this Security Council. As Brazil has sustained — including through document S/2011/701, on the "Responsibility while Protecting" — the Security Council should avail itself of institutional means of monitoring the adequate fulfillment of its mandates.
>
> We are concerned, as well, that NATO has been searching to establish partnerships out of area, far beyond the North Atlantic, including in regions of peace, democracy, social inclusion, and that rule out the presence of weapons of mass destruction in their territories.
>
> It would be extremely grave for the future of the articulation between regional and global efforts at promoting peace, as prescribed by the UN, if groups of countries started to unilaterally define their sphere of action beyond the territory of their members.

This statement reflects Brazil's long-standing mistrust of NATO. Of course, doubt about the extent of NATO's deployment is seen in the North too. Both Brazil and NATO member Germany abstained on UN Security Council Resolution 1973 authorizing a no-fly zone over Libya in 2011. This may be a reminder that views on the use of force and other sensitive political issues span the heralded North-South divide. A country's history may be much more relevant than its political geography. In the 20th century, Germany experienced both Nazism and Communism (in East Germany) while Brazil was run by military dictatorships, most recently from 1964-85. Today, both countries remain skeptical about the use of force. Having had secret police, both are sensitive about surveillance. Both reacted strongly to the U.S. National Security Agency's (NSA) surveillance of their respective heads of government. Both are also democracies. In this light, it is not surprising that Germany and Brazil banded together to sponsor a 2013 UN General Assembly Resolution on the right to privacy in the digital age (A/RES/68/167). It was adopted by consensus on December 18, 2013, meaning that the United States also supported the measure.

Not only are there differences of opinion on NATO, there are different views of nuclear weapons around the Atlantic. Argentina, Brazil, and South Africa have all renounced nuclear weapons. The Treaty of Tlatelolco and the Treaty of Pelindaba ban nuclear weapons in South America and in Africa, respectively. Through the Declaration of Montevideo on January 16, 2013, ministers of the 24 member states of the Zone of Peace and Cooperation of the South Atlantic (ZOPACAS) reaffirmed their countries' "commitment to consolidating the South Atlantic as a Zone of Peace and Cooperation, free from nuclear weapons and other weapons of mass destruction."[9]

By contrast, NATO's 2010 Strategic Concept reaffirms that:

> Deterrence, based on an appropriate mix of nuclear and conventional capabilities, remains a core element of our overall strategy. The circumstances in which any use

[9] ZOPACAS, "VII Encontro ministerial da Zona de Paz e Cooperação do Atlântico Sul, ZOPACAS, Declaração de Montevidéu," January 14-16, 2013, para. 8, http://www.defesanet.com.br/geopolitica/noticia/9324/ZOPACAS---Declaracao-de-Montevideu-.

> of nuclear weapons might have to be contemplated are extremely remote. As long as nuclear weapons exist, NATO will remain a nuclear alliance.[10]

Nuclear weapons still have a fundamental role in transatlantic security, with the deterrent resting ultimately on the nuclear arsenal of the United States. Nevertheless, NATO members France and the United Kingdom retain their nuclear forces, a point also criticized by leaders of the South who doubt the necessity of these smaller nuclear stockpiles.

Despite these challenges, a Wider Atlantic could provide a counterpoint to the greater visibility of China in South America and Africa. Although this is not the intent, reinforcing the links among the Atlantic countries could give them clout and credibility vis-à-vis China. A Wider Atlantic includes very powerful and very poor countries, and spans North and South. Just as countries of varying sizes have gained visibility as part of a dynamic Pacific Rim, so countries of the Wider Atlantic may find an additional channel for international expression. A renewed focus on the Atlantic could be seen as a counterpoint to the rise of China and the economic vitality of the Asia-Pacific. A Wider Atlantic may yet become a sustainable organizing concept like the Pacific Rim, and it could also be an important way to compel greater policy focus on opportunities. Diplomatic time and attention are of necessity drawn to crises. It can be harder to gain sustained senior-level attention to regions with potential. Nevertheless, the Obama administration has opened strategic dialogues with many countries in the region. In August 2014, Washington hosted a U.S.-Africa summit focusing on mutually beneficial economic growth and deepening connections across the Atlantic.

A Wider Atlantic would allow new linkages between two different strands of U.S. foreign policy. One strand has focused on great power politics. Shaped by two world wars, the Cold War, and the creation of the post-Cold War world, great power politics has been dominated by relations among the Unites States and Europe. One of the fundamental tenets remains the importance of the United States to European security. This strand has focused on (North) transatlantic relations. Another strand of U.S. foreign policy focuses on the United States as part of the Americas. Even though Secretary of State John Kerry last year declared that the "era of the Monroe Doctrine is over," for nearly two centuries, the United States has seen itself as the dominant force in the region at the expense of the European empires.[11] At times when the United States was less engaged in great power maneuvers in Europe, it was a forceful player as it expanded across the continent and the reach of its navy spread through the Americas and out into the Pacific. With the Wider Atlantic, the United States can connect its personas as a power in Europe, in the Americas, and on the seas.

A Wider Atlantic may also provide a way for Europeans to express themselves internationally in a way appropriate for the 21st century. Many European countries and the European Union value soft power and the politics of attraction. With the old empires long gone, it may be

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[10] NATO, "Active Engagement, Modern Defence," Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organisation adopted by Heads of State and Government in Lisbon, para. 17, http://www.nato.int/cps/en/natolive/official_texts_68580.htm.

[11] John Kerry, "Remarks on U.S. Policy in the Western Hemisphere," Speech to the Organization of American States, November 18, 2013, http://www.state.gov/secretary/remarks/2013/11/217680.htm.

possible to deepen transatlantic cultural and linguistic ties without reopening historic wounds or ruffling the North American eagle's political feathers. For example, the Community of Portuguese-Language Countries (CPLP) brings together not only Brazil and Portugal, but also Angola, Cape Verde, Guinea-Bissau, Mozambique, São Tomé and Principe, and Timor-Leste. Equatorial Guinea joined in 2014.

Economic Opportunity and Energy Policy

For leaders in the private and public sectors, a Wider Atlantic could provide important economic opportunities that build on the existing patchwork of Atlantic trade ties. The close economic relationship between the United States and Europe is well documented, and they have prioritized deepening their economic integration via the ongoing negotiations to forge a Transatlantic Trade and Investment partnership (TTIP). This agreement would create new levels of economic integration among highly advanced economies with similarly high labor and production standards. In 2014, the United States, Canada, and Mexico marked the 20th anniversary of the North American Free Trade Agreement (NAFTA). In October 2013, Canada and the EU reached a tentative agreement on the main elements of a Comprehensive Economic and Trade Agreement (CETA). The accord contains an investor-state dispute mechanism that is raising concern in Europe as such a feature may also be included in TTIP. (In July 2014, there were media reports that Germany might reject the EU-Canada pact for this reason).[12]

Moves to conclude multilateral trade agreements across the North Atlantic are alternatives to stalled efforts to do so between the North and South Atlantic. Brazil and others scuttled the Free Trade Agreement of the Americas (FTAA) in 2005. European Union negotiations have sputtered along since 1999 with Mercosur (Common Market of the South), which is comprised of Argentina, Brazil, Paraguay, Uruguay, and Venezuela. European agricultural subsidies have been a stumbling block because Mercosur countries export agricultural products. Argentina's latest default, instability in Venezuela, and the legacy of protected industries in Brazil combine to make an EU-Mercosur agreement a distant prospect.

Moreover, the Pacific Alliance of Chile, Colombia, Mexico, and Peru provides an alternative economic model to Mercosur. The Pacific Alliance links the western portion of the Americas and the countries of the Pacific Rim. All Pacific alliance members are required to have free trade agreements with each other. The United States and Canada have observer status. Analyst Socorro Ramírez observes:[13]

> Unlike the other groupings, the Pacific Alliance goal is to deepen cooperation among members with the explicit purpose of forging closer relations with the Asia-Pacific region. Whereas UNASUR, ALBA, and CELAC view regionalism and integration as tools for combating globalization, the Pacific Alliance sees them as critical links

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[12] Les Whittington, "Investor Protection Fears Could Unravel Canada-EU Trade Deal," *The Star*, July 26, 2014, http://www.thestar.com/news/canada/2014/07/26/investor_protection_fears_could_unravel_canadaeu_trade_deal.html.

[13] Socorro Ramírez, "Regionalism: The Pacific Alliance," *Americas Quarterly* (Spring 2013), http://www.americasquarterly.org/content/regionalism-pacific-alliance.

> to global flows… Also in contrast to the underlying purpose of other groupings — including economic blocs such as Mercosur — Pacific Alliance members have achieved consensus on a model of economic and political integration aimed at attracting investment and creating export platforms for the global market. All have opted for a pragmatic relationship structured around bilateral free-trade agreements (FTAs) with the U.S., the EU, and Asian countries.

Nevertheless, the European Union is a major economic partner with emerging countries in the Wider Atlantic. EU countries are net investors in Brazil, with €22.4 billion in foreign direct investment flowing to Brazil in 2012.[14] Twenty percent of Brazil's exports go to the European Union, 17 percent go to China, and 11 percent to the United States.[15] Twenty percent of South Africa's exports go to the EU, with China second at nearly 12 percent, and the United States third at nearly 9 percent.

Energy interdependence could spur greater cooperation around the Wider Atlantic despite tensions in other aspects of trade and investment. The top five sources of petroleum imported into the United States include Atlantic countries Canada, Mexico, and Venezuela.[16] The increased importance of Atlantic countries in global energy production is changing world politics. The oil shale revolution will make the United States the largest energy producer in a few years. The importance of energy opens more vistas for Canada, which is a major energy producer. Canada is also a leading investor in mining industries in Latin America.[17] Countries in the Atlantic region can share technology and boost investment to expand energy production in an environmentally sensitive way.

European energy policy could be important for the Atlantic region in at least two ways. Firstly, incoming European Commission President Jean-Claude Juncker proposes a new project team to develop a "European Energy Union." He commented, "I want to reform and reorganise Europe's energy policy into a new European Energy Union. We need to pool our resources, combine our infrastructures, and unite our negotiating power vis-à-vis third countries. We need to diversify our energy sources, and reduce the high energy dependency of several of our Member States."[18] If Europe seeks to reduce its energy dependence on Russia, countries in the Atlantic Basin may become important alternative sources.

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[14] Eurostat Press Office, "EU-Brazil Summit: A Surplus of 5.5bn Euro in EU28 Trade in Goods and with Brazil in the First Nine Months of 2013," *Eurostat News Release* 27/2014, February 20, 2014, http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/6-20022014-AP/EN/6-20022014-AP-EN.PDF.

[15] World Trade Organization, "Technical Notes," available in WTO's searchable database at http://stat.wto.org/CountryProfile/WSDB-CountryPFReporter.aspx?Language=E.

[16] U.S. Energy Information Administration, "Energy in Brief: How Dependent Are We on Foreign Oil?" http://www.eia.gov/energy_in_brief/article/foreign_oil_dependence.cfm; U.S. Energy Information Administration, "U.S. Imports by Country of Origin," http://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbl_a.htm.

[17] John Kirk and Peter McKenna, "Canada and Latin America: Assessing the Harper Government's Americas Strategy," in Brunelle (ed.), *Communautés Atlantiques/Atlantic Communities: Asymétries et Convergences*, Les Éditions de l'Institut d'Études Internationales de Montréal (Montréal: Québec University, 2012), 141.

[18] Jean-Claude Juncker, "Questions and Answers: The Juncker Commission," *European Commission Memo* (Brussels: European Commission, September 10, 2014), 5, http://europa.eu/rapid/press-release_MEMO-14-523_en.htm.

Secondly, the European Union has long sought international measures to reduce energy consumption to fight climate change, but may be seen as strident. Emerging powers chafe at what they see as a demand by the already rich that the newly comfortable retard their economic growth. Efforts to improve the European dialogue with emerging powers on energy and climate change could help shift the global discussions.

Development Assistance

Many North Atlantic countries have been leading providers of development assistance for decades. Some of the countries in the South Atlantic are no longer recipients and are now themselves donors of development assistance. With an economy larger than Canada's and an impressive recent record of reducing hunger and poverty at home, Brazil is becoming a more important contributor. Many North Atlantic countries are members of the Organization for Economic Cooperation and Development (OECD) and participate in its Development Assistance Committee (DAC); as of mid-2014, Brazil has not joined the OECD. Brazil provides both aid and technical assistance. North Atlantic countries generally would welcome greater international aid by countries like Brazil not only because it increases the amount of resources going to people in need. It could also counterbalance the rise in aid from China to sub-Saharan Africa and elsewhere, which is provided without the human rights and other conditionality requirements developed by North American, European, and other traditional donors. How Brazil and other new donors shape their aid programs will have some impact on the efficacy of aid to enhance certain values. Given the prevalence of tied aid provided by many donors, aid will still be provide for mixed motives and through a mix of means.

For some Europeans, the economic success of emerging powers offers new partners in fighting poverty around the world. In 2013, the German Federal Ministry for Economic Cooperation and Development said in a report:[19]

> The division of the world into a poor Global South and an affluent North is definitely obsolete…Some developing and emerging countries are now key players in global politics and the economy. Many of these countries possess pronounced characteristics of industrialised countries, and yet are home to half the people living in absolute poverty worldwide. China and India are examples. In parallel, these countries have a key role to play in protecting global goods which concern us all: the climate, biodiversity, and world market stability. Sustainable global development is inconceivable without these countries' active participation.

Shared Values and the Wider Atlantic

Despite all the differences over politics or trade, the transatlantic community is founded on shared values. The countries of the North Atlantic are proud of the progress they have made in their own societies and the principles they have championed together internationally. The United States, Europe, Canada, and others have led efforts to realize the universal application

[19] *The German Government's 14th Development Policy Report: Development Policy White Paper Executive Summary* (Berlin: Federal Ministry for Economic Cooperation and Development, Division for Public Relations, Information and education, May 2013), 3, http://www.bmz.de/en/publications/type_of_publication/special_publications/Weissbuch.pdf.

of human rights. They have not always been consistent; strategic, economic, and other considerations have detracted from this goal. Still, their efforts have been central to supporting international human rights. Citizens of North Atlantic countries enjoy high standards for human rights, the rule of law, individual liberty, and other core rights.

Many of the emerging powers in the Atlantic region are liberal democracies with good relations with the United States. They profess a shared belief in the rule of law, democracy, and human rights. Yet, in practice, the exercise of these tenets is uneven. Embedded corruption still plagues major players Brazil and Nigeria. Even when they were under authoritarian rule during the Cold War, Portugal and Turkey were members of NATO. Already liberal democracies, human rights in the United States and the European Union have reached new levels in recent decades. Working more closely with other countries in a Wider Atlantic should not be an excuse for a leveling down in standards. This concern underpins some of the political attitudes toward trade. One of the advantages of TTIP is that it would deepen integration among countries with similarly high labor standards.

From the perspective of the North, a Wider Atlantic raises the specter of diluting hard-won rights. But the gaps may be less North-South than within the South. For example, Brazil has long supported the rights of lesbian, gay, bisexual, and transgender (LGBT) people in UN human rights bodies, as have European countries and, since 2009, the United States. Individual rights are under pressure in several countries of the South Atlantic, with some of the most intense backlash coming from sub-Saharan African countries such as Uganda, which in February 2014 adopted legislation imposing life imprisonment for homosexuality (which was already illegal). Yet, the situation is in flux. On August 1, 2014, the Ugandan Constitutional Court struck down the latest law. Further west, Nigeria also adopted long jail sentences for homosexuality in 2014. A man was whipped publicly for gay sex.

Good governance is also a concern in the South Atlantic. Deeply entrenched corruption remains a problem. In its 2013 Corruption Perceptions Index, Transparency International gives its best score jointly to Denmark and New Zealand, with many North Atlantic countries also near the top of the list. Brazil and South Africa tied for 77th, Argentina and Mexico tied at 106th, and Nigeria was 144th.[20]

The concern about an erosion of standards to accommodate the South appears in trade negotiations, climate change talks, and debates about UN resolutions. Europeans have fought hard to keep climate change and environmental issues on the international agenda, but the objections of China, Brazil, and India as emerging economies have delayed efforts to create global, binding agreements at the 2009 Copenhagen Climate Change Conference.

Within the Wider Atlantic, there is another philosophical difference that affects governance and politics: different views of the nature of sovereignty. The member states of the European Union have ceded sovereignty to a supranational body in key areas such as international trade negotiations. In contrast, many countries in the South Atlantic, recalling the legacy of colo-

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[20] Transparency International, "Corruption Perceptions Index 2013," and "Corruption Remains a Global Threat," http://cpi.transparency.org/cpi2013/results/.

nialism and domination discussed at the outset, profess strong support for classic sovereignty and non-interference. The United States falls in between, but retains a deep political reverence for sovereignty, which permeates its political discourse despite its interdependence with the rest of the world.

Views on sovereignty inform countries' policies on whether it can be superseded by another principle. France, the United Kingdom, and the United States, among others, continue to support the idea of the "responsibility to protect" (R2P). The concept, which was adopted by the United Nations in 2005, focuses on the duties of national governments to their own citizens, but which *in extremis* can justify military intervention to prevent mass loss of life. Brazil launched the "responsibility while protecting" (RwP) as an alternative in 2011 in conjunction with its objection to the use of force in Libya. The idea is now framed more as a complementary refinement than a replacement.

Interestingly, the European Union, Brazil, and other countries in the Wider Atlantic share a belief in the primacy of multilateralism. For example, both Brasília and Brussels consider multilateral action to be the preferred mode of international action.

The Wider Atlantic is home to many democracies with vibrant domestic debates. The Wider Atlantic spans North and South. Therefore, when the countries of this larger area can join together to promote human rights, they have great credibility. Leaders in the Wider Atlantic could explore even more ways to cooperate and contribute to global work on freedom of the media or social inclusion. Surprisingly, Internet governance may be another area for cooperation around the Atlantic. At the April 2014 NetMundial conference in São Paulo, Brazil, the European Union, the United States, and others overcame the bitterness of the NSA surveillance controversy to jointly support a multi-stakeholder approach to management of the Internet. People in the North may seek allies in the South Atlantic to resist pressures to increase government controls on the Internet.

The concept of a Wider Atlantic also enables the countries of the region to reach into their own histories and cultures to recognize common roots. One of the most complex and profound is the legacy of slavery and the contributions of people of African descent. When in office, former Brazilian President Luiz Inácio Lula da Silva acknowledged that over 50 percent of Brazil's population is of African descent, and he drew on these links to build diplomatic and commercial relations with sub-Saharan Africa. In Colombia and Uruguay, 10 to 15 percent of the population is of African descent. African-Americans shaped the United States from its earliest years. The first person of African descent born in the future continental United States was born in St. Augustine, Florida, in 1606; the first child of African descent born in the English colonies arrived in 1624 in Virginia. African-Americans comprise over 12 percent of the U.S. population. Although the "hyphenated" American is a concept used in the United States, combining African and European heritage is not. People of African descent have been in Europe for millennia. The legacies of colonial connections have left speakers of English, French, Portuguese, and Spanish on both sides of the Atlantic. As part of elaborating a Wider Atlantic, people may embrace transcontinental links, a welcome antidote to narrow nationalism that has infiltrated aspects of politics in the North.

Conclusion

A multiplicity of views emanate from the countries of the North Atlantic toward the Wider Atlantic. As noted at the outset, the concept of a Wider Atlantic tends both to enhance U.S. and erode European roles in international politics. While the United States will remain the hegemon, some Europeans may be concerned that aspiring powers in the Atlantic region will play roles European countries used to play. However, the emerging powers may not act like traditional European "middle powers" whose allied relationship to the United States and support for global order were integral to their international presence.

The NATO Alliance will remain central to the security of its members. This fact will be an important strategic difference between the North and South Atlantic. Some countries in the South Atlantic remain wary of NATO's security role, especially beyond its geographical region.

Potential for economic growth and a diversified energy policy will drive continued interest in a Wider Atlantic. Emerging economies may not be growing as fast as a few years ago, but their long-term potential may still attract investors. Countries in the Atlantic region will need to make profound choices about their economic orientation. In Latin America, Mercosur and the Pacific Alliance present different models. New energy sources in the United States and the Atlantic region, combined with a possible increased European interest in diversifying its energy sources, could also spur interest in links around a Wider Atlantic.

The professed shared values among many countries in the Wider Atlantic may support global human rights efforts, but could weaken other values already shared across the North Atlantic. Countries in the Atlantic region should be part of the defense of the universality of human rights against efforts to undermine this core principle. Yet, some countries in the Atlantic region still need to fight corruption and promote good governance at home. Meanwhile, countries of the North Atlantic want to avoid diluting high labor, environmental, and other standards to accommodate pleas from some developing countries.

Development will continue to be an important goal. Some economically emerging countries are shifting from being recipients to being development aid donors. Their sensibilities will help shape assistance in the future.

The concept of a Wider Atlantic is both cohesive and divisive, but ultimately compelling. Africa, Europe, and North and South America share 500 years of history. The idea of being part of a Wider Atlantic may help people of the region envision new ways to improve their lives as they face a sixth century together.

Esther Brimmer is the J.B. and Maurice C. Shapiro Professor of International Affairs at The George Washington University's Elliott School of International Affairs.

Wider Atlantic Patterns

9 Selected Indicators for Integration Process Assessment within the Atlantic Area

Karim El Mokri

The geographical sample of the Atlantic area

African sub-region

- Angola
- Benin
- Cameroon
- Cape Verde
- Democratic Republic of the Congo
- Republic of Congo
- Côte d'Ivoire
- Equatorial Guinea
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Liberia
- Mauritania
- Morocco
- Namibia
- Nigeria
- São Tomé and Principe
- Senegal
- Sierra Leone
- South Africa
- Togo

Latin American & Caribbean sub-region

- Antigua and Barbuda
- Argentina
- Bahamas
- Barbados
- Belize
- Bermuda
- Brazil
- Chile
- Colombia
- Costa Rica
- Cuba
- Dominica
- Dominican Republic
- French Guiana
- Grenada
- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Nicaragua
- Panama
- St. Kitts and Nevis
- St. Lucia
- St. Vincent and the Grenadines
- Suriname
- Trinidad and Tobago
- Uruguay
- Venezuela

USA & Canada

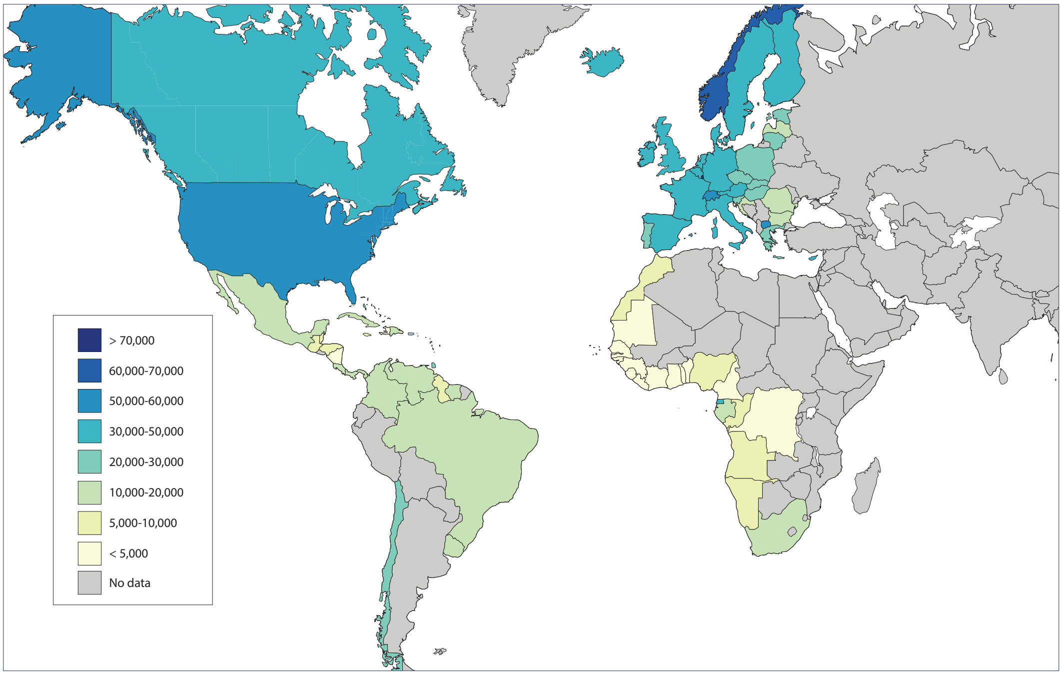
- Canada
- United States

European sub-region

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Greenland
- Hungary
- Iceland
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- United Kingdom

1 – Gross Domestic Product per capita benchmark

Figure 1: GDP per capita ppp (constant US$) - Average 2010-12



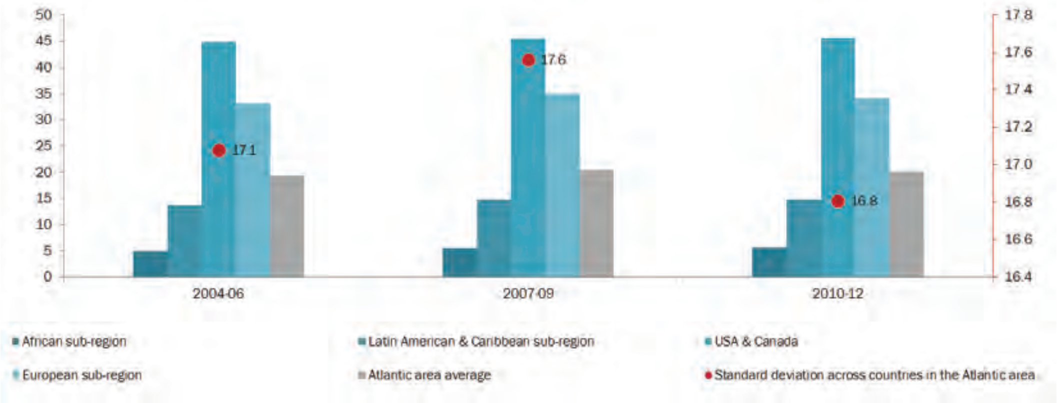
Source: World Development Indicators Database, World Bank

Figure 2: GDP per capita ppp by sub-region in the Atlantic area (constant thousands US$)

Average by sub-region	2004-06	2007-09	2010-12
African sub-region	5.0	5.5	5.6
Latin American & Caribbean sub-region	13.6	14.8	14.7
USA & Canada	44.9	45.4	45.6
European sub-region	33.1	34.9	34.2
Atlantic area average	**19.2**	**20.4**	**20.1**
Standard deviation across Atlantic countries	**17.1**	**17.6**	**16.8**

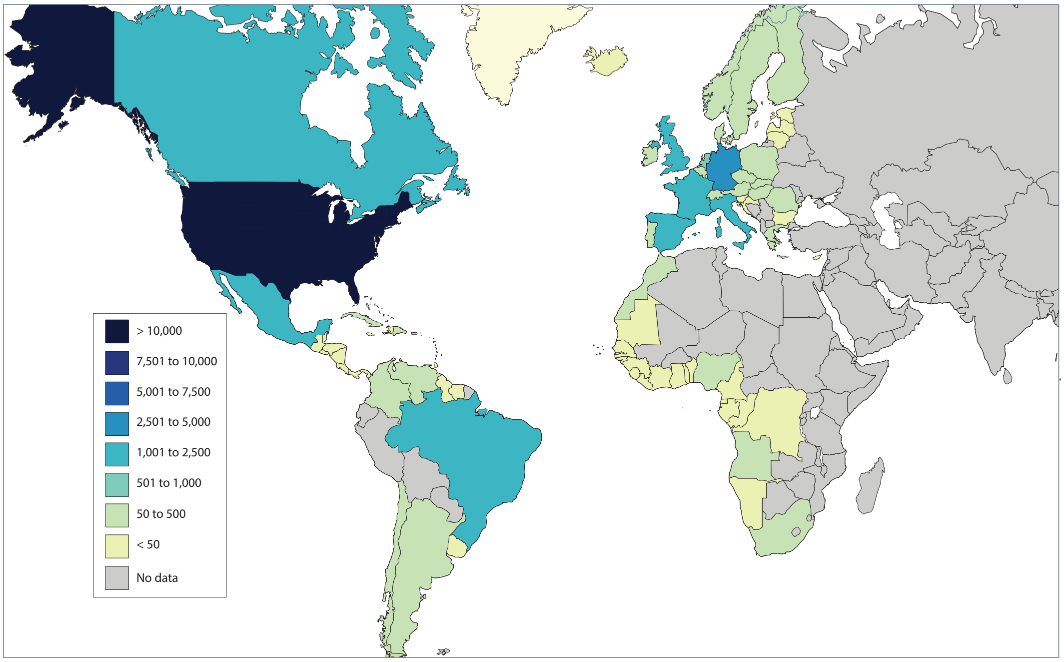
Source: Calculation based on World Development Indicators Database, World Bank

Figure 3: GDP per capita ppp by sub-region in the Atlantic area (constant thousands US$)



Source: Calculation based on World Development Indicators Database, World Bank

Figure 4: Real GDP in the Atlantic area (average 2011-13, in constant billions US$)



Source: World Development Indicators Database, World Bank

Figure 5: Real GDP in the Atlantic sub-regions

Region	Average GDP (2011-13) Millions of 2005 constant US$	Share in total Atlantic GDP (2011-13), percent	Share in total world GDP (2011-13), percent
African sub-region	769,512	2.2	1.4
Latin American & Caribbean sub-region	3,340,403	9.5	6.2
USA & Canada	15,486,889	44.2	28.8
European sub-region	15,438,972	44.1	28.7
Total Atlantic Area	**35,035,775**	**100.0**	**65.1**

Source: Aggregation based on World Development Indicators Database, World Bank

Figure 6: Share of Atlantic sub-regions GDP in percent of world GDP (2011-13 average)

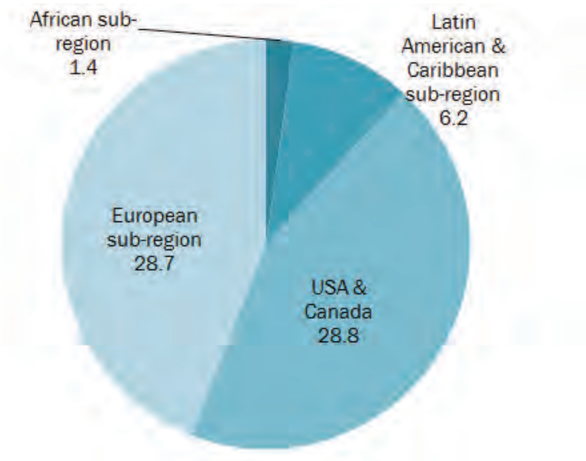
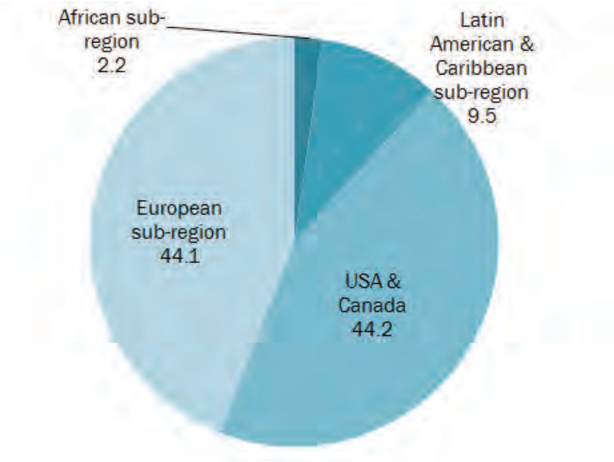


Figure 7: Share of Atlantic sub-regions GDP in percent of total Atlantic GDP (2011-13 average)



Source: Aggregation based on World Development Indicators Database, World Bank

2 - Economic activity synchronization

Figure 8: Real GDP growth rates synchronization in the Atlantic area[1]

	1985-94	1995-2004	2005-14
Mean of bilateral correlations within sub-regions of the Atlantic Area			
Intra-African sub-region	0.03	0.00	0.10
Intra-European sub-region	0.28	0.15	0.77
Intra USA & Canada sub-region	0.89	0.72	0.92
Intra-Latin American & Caribbean sub-region	0.01	0.11	0.46
Mean of bilateral correlations between sub-regions of the Atlantic Area			
African sub-region / European sub-region	0.09	-0.03	0.21
African sub-region / USA & Canada sub-region	0.18	-0.07	0.27
African sub-region / Latin American & Caribbean sub-region	-0.03	0.02	0.17
European sub-region / USA & Canada sub-region	0.30	0.33	0.70
European sub-region / Latin American & Caribbean sub-region	0.01	0.09	0.59
USA & Canada sub-region / Latin American & Caribbean sub-region	0.04	0.18	0.52
Mean of bilateral correlations between all countries in the Atlantic Area	**0.05**	**0.06**	**0.40**

Source: Calculations based on World Economic Outlook Database, April 2014

[1] A positive coefficient of correlation could be interpreted as a synchronization effect. The higher the positive coefficient of correlation, the higher the synchronization between countries.

Figure 9: Correlations within sub-regions in the Atlantic area (Mean of bilateral correlations of real GDP growth rates)

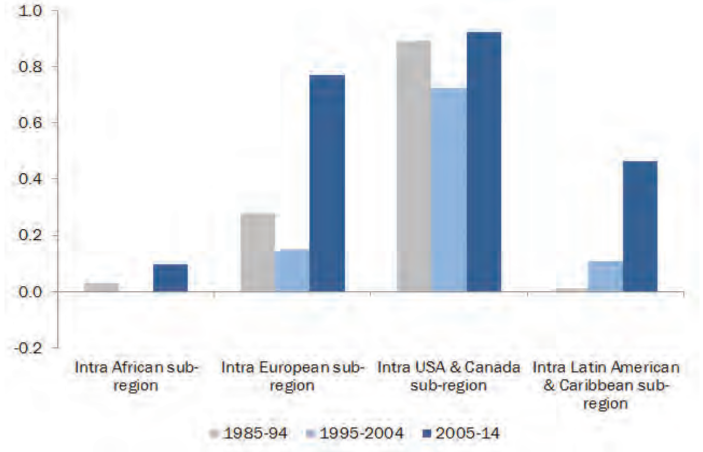
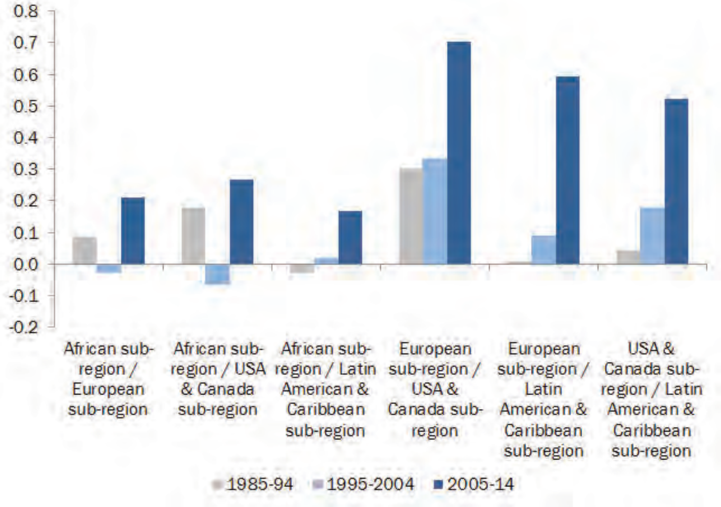
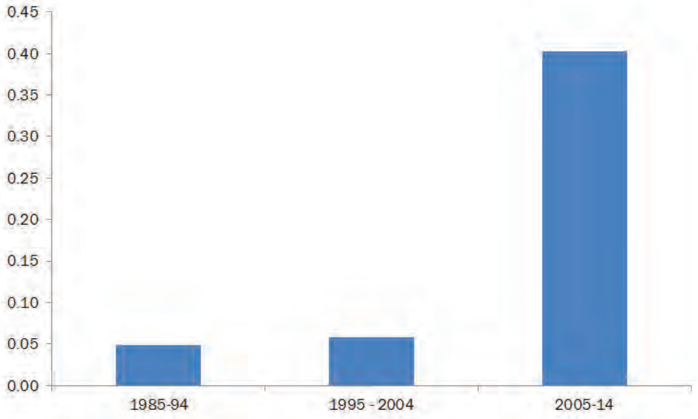


Figure 10: Correlations between sub-regions in the Atlantic area (Mean of bilateral correlations of real GDP growth rates)



Source: Calculations based on World Economic Outlook Database, April 2014

Figure 11: Correlation among Atlantic countries (average of bilateral correlations of GDP growth rates)



Source: Calculations based on World Economic Outlook Database, April 2014

Figure 12: Real GDP growth (Period average, in percent)

Country	1990-99	2000-09	2010-14	Country	1990-99	2000-09	2010-14
African sub-region				USA & Canada			
Angola	1.3	11.5	4.4	Canada	2.4	2.1	2.4
Benin	4.9	4.1	4.5	United States	3.2	1.8	2.4
Cape Verde	6.1	6.1	2.0	**USA & Canada average**	**2.8**	**2.0**	**2.4**
Cameroon	0.4	3.4	4.3	European sub-region			
Democratic Republic of the Congo	-5.5	3.3	7.7	Austria	2.8	1.7	1.5
Republic of Congo	0.8	4.6	5.7	Belgium	2.2	1.5	1.1
Côte d'Ivoire	3.8	0.4	4.7	Bulgaria	-5.3	4.6	1.1
Equatorial Guinea	34.3	18.1	-0.1	Croatia	2.5	3.2	-1.2
Gabon	2.5	0.6	6.1	Cyprus	4.8	3.2	-2.3
The Gambia	4.3	3.8	4.2	Czech Republic	1.3	3.6	0.9
Ghana	4.4	5.5	8.2	Denmark	2.4	0.8	0.8
Guinea	4.2	2.6	3.3	Estonia	4.1	4.5	3.9
Guinea-Bissau	1.2	2.7	2.1	Finland	1.7	2.0	0.8
Liberia	-	2.4	7.4	France	1.9	1.3	1.0
Mauritania	2.8	3.7	5.8	Germany	2.2	0.9	2.1
Morocco	2.8	4.7	4.0	Greece	1.9	3.0	-4.5
Namibia	3.9	4.4	5.1	Hungary	-0.3	2.3	0.8
Nigeria	2.6	8.7	7.1	Iceland	2.3	3.1	1.1
São Tomé and Príncipe	1.3	4.6	4.5	Ireland	7.2	3.7	0.5
Senegal	2.7	4.0	3.7	Italy	1.4	0.6	-0.3
Sierra Leone	-7.4	9.0	11.3	Latvia	1.5	4.7	3.4
South Africa	1.4	3.7	2.7	Lithuania	5.0	4.8	3.6
Togo	1.9	1.7	5.3	Luxembourg	4.8	3.2	1.8
African sub-region average	**3.4**	**4.9**	**5.0**	Malta	-	1.6	2.0
Latin American & Caribbean sub-region				Netherlands	3.2	1.6	0.2
Antigua and Barbuda	3.4	2.8	-1.2	Norway	3.6	1.8	1.4
Argentina	4.3	3.6	4.9	Poland	2.7	4.0	3.0
Bahamas	2.7	1.0	1.7	Portugal	3.5	0.9	-0.5
Barbados	0.5	1.1	-0.2	Slovak Republic	5.0	4.6	2.5
Belize	5.9	5.0	2.7	Slovenia	4.2	3.1	-0.3

Country	1990-99	2000-09	2010-14
Brazil	1.7	3.3	3.1
Chile	6.3	4.0	4.9
Colombia	2.9	4.0	4.7
Costa Rica	5.4	4.1	4.4
Dominica	2.6	2.7	0.5
Dominican Republic	5.0	5.1	4.9
Grenada	4.1	2.6	0.2
Guatemala	3.7	3.3	3.4
Guyana	4.8	1.8	4.7
Haiti	0.4	0.8	2.2
Honduras	2.8	4.4	3.4
Jamaica	1.3	0.9	0.2
Mexico	3.5	1.8	3.4
Nicaragua	3.2	3.1	4.5
Panama	6.1	5.9	8.9
St. Kitts and Nevis	4.3	3.0	-0.4
St. Lucia	3.5	2.4	-0.4
St. Vincent and the Grenadines	3.6	3.1	0.8
Suriname	0.6	4.5	4.6
Trinidad and Tobago	3.9	6.5	0.5
Uruguay	3.2	2.2	5.3
Venezuela	2.5	4.0	1.8
Latin American & Caribbean sub-region average	**3.4**	**3.2**	**2.7**

Country	1990-99	2000-09	2010-14
Spain	2.8	2.6	-0.4
Sweden	2.0	2.0	2.9
Switzerland	1.1	1.8	2.0
United Kingdom	2.8	1.9	1.5
European sub-region average	**2.6**	**2.6**	**1.0**
Atlantic area average	**3.1**	**3.5**	**2.7**

Source: Calculations based on World Economic Outlook Database, April 2014

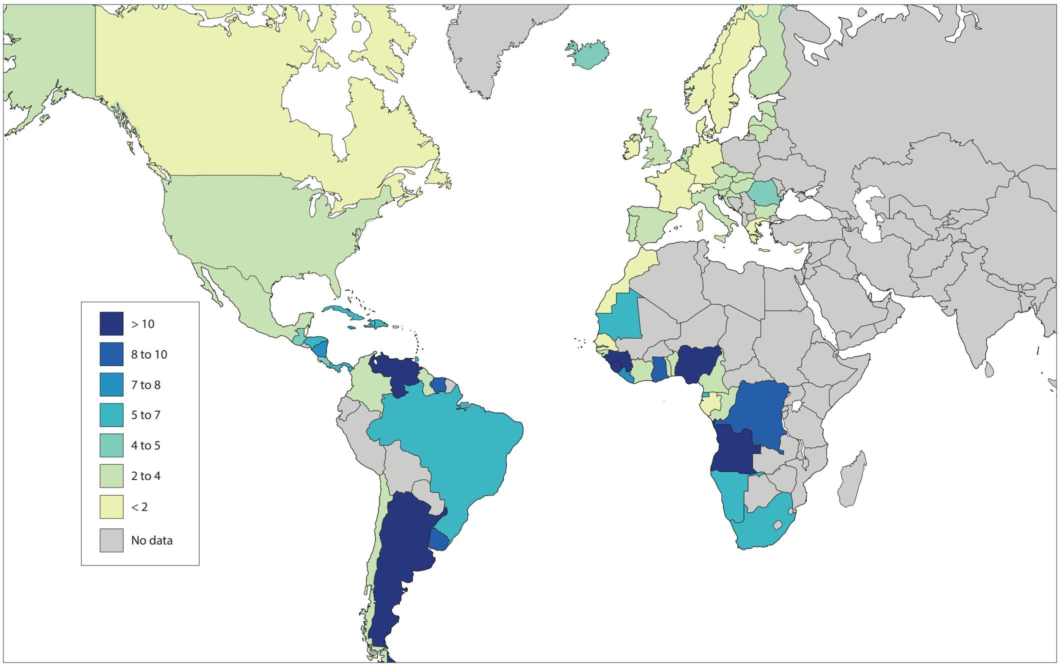
3 - Inflation regimes convergence

Figure 13: Inflation rates in Atlantic area sub-regions (percent)

Average by sub-region	2005-07	2008-10	2011-13
African sub-region	8.2	7.5	6.1
Latin American & Caribbean sub-region	6.1	6.3	5.5
USA & Canada	2.6	1.6	2.0
European sub-region	3.1	3.0	2.4
Atlantic area average	**5.5**	**5.4**	**4.5**
World average	**5.9**	**6.4**	**5.6**
Standard deviation across Atlantic countries	**4.8**	**4.5**	**4.1**

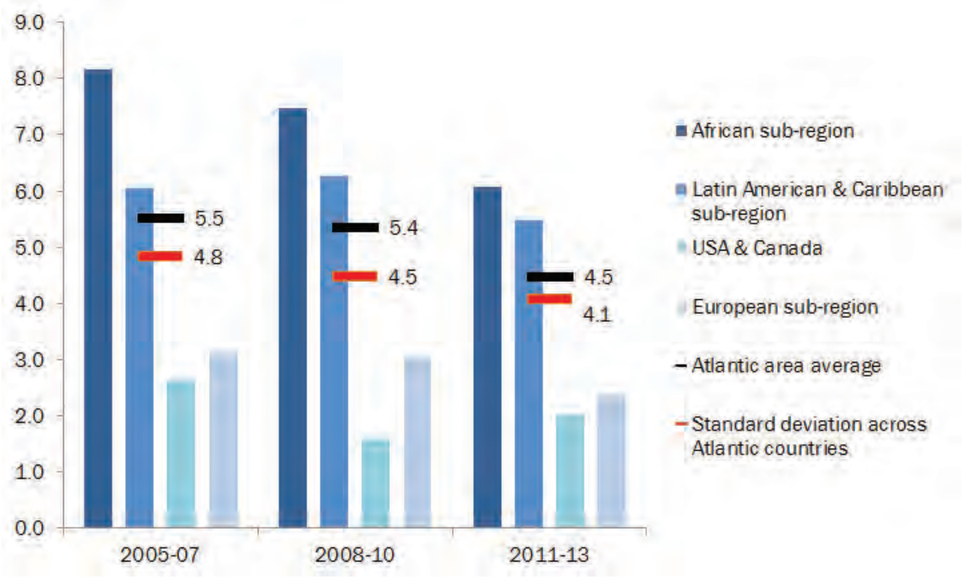
Source: Calculation based on World Development Indicators Database, World Bank

Figure 14: Inflation rates in Atlantic area sub-regions (average 2011-13, percent)



Source: World Development Indicators Database, World Bank

Figure 15: Inflation convergence between Atlantic area countries (percent)



Source: Calculation based on World Development Indicators Database, World Bank

Figure 16: Inflation rates in the Atlantic area (three-year average, in percent)

Country	2008-10	2011-13	Country	2008-10	2011-13
African sub-region			USA & Canada		
Angola	13.6	10.8	Canada	1.5	1.8
Benin	4.1	3.5	United States	1.7	2.2
Cape Verde	3.3	2.8	**USA & Canada average**	**1.6**	**2.0**
Cameroon	3.2	2.6	European sub-region		
Democratic Republic of the Congo	9.1	8.9	Austria	1.8	2.6
Republic of the Congo	5.9	3.7	Belgium	2.2	2.5
Côte d'Ivoire	3.0	2.9	Bulgaria	5.8	2.7
Equatorial Guinea	6.3	6.5	Croatia	3.2	2.6
Gabon	2.9	1.5	Cyprus	2.5	1.8
The Gambia	4.7	4.5	Czech Republic	2.9	2.2
Ghana	15.5	9.8	Denmark	2.3	2.0
Guinea	12.8	16.2	Estonia	4.4	3.9
Guinea-Bissau	3.8	2.6	Finland	1.8	2.6
Liberia	10.7	7.7	France	1.5	1.6
Mauritania	5.3	5.3	Germany	1.3	1.9
Morocco	1.9	1.4	Greece	3.4	1.3
Namibia	7.9	5.7	Hungary	5.1	3.8
Nigeria	12.3	10.5	Iceland	10.0	4.4
São Tomé and Principe	17.9	9.8	Ireland	-0.5	1.6
Senegal	2.0	1.8	Italy	1.9	2.3
Sierra Leone	13.6	13.1	Latvia	5.9	2.2
South Africa	7.6	5.5	Lithuania	5.6	2.8
Togo	4.6	2.7	Malta	2.6	2.2
African sub-region average	**7.5**	**6.1**	Netherlands	1.7	2.4
Latin American & Caribbean sub-region			Norway	2.8	1.4
Antigua and Barbuda	2.7	2.6	Portugal	1.1	2.2
Argentina	8.4	10.1	Romania	6.5	4.4
Bahamas	2.6	1.8	Slovak Republic	2.4	3.0
Barbados	5.9	5.3	Slovenia	2.8	2.1
Belize	3.6	-0.6	Spain	1.9	2.4
Brazil	5.2	6.1	Sweden	1.4	1.3

Country	2008-10	2011-13	Country	2008-10	2011-13
Chile	1.4	2.7	Switzerland	0.9	-0.2
Colombia	4.5	2.9	United Kingdom	3.0	3.3
Costa Rica	9.0	4.9	**European sub-region average**	**3.0**	**2.4**
Cuba	1.9	5.4	**Atlantic area average**	**5.4**	**4.5**
Dominica	3.2	1.1			
Dominican Republic	6.1	5.7			
Grenada	3.7	1.8			
Guatemala	5.7	4.8			
Guyana	4.4	3.7			
Haiti	7.1	6.8			
Honduras	7.2	5.7			
Jamaica	14.7	7.9			
Mexico	4.9	3.8			
Nicaragua	9.7	7.5			
Panama	4.9	5.2			
St. Kitts and Nevis	2.6	3.1			
St. Lucia	2.9	2.8			
St. Vincent and the Grenadines	4.0	2.2			
Suriname	7.1	8.2			
Trinidad and Tobago	9.9	6.5			
Uruguay	7.2	8.3			
Venezuela	27.6	29.3			
Latin American & Caribbean sub-region average	**6.4**	**5.6**			

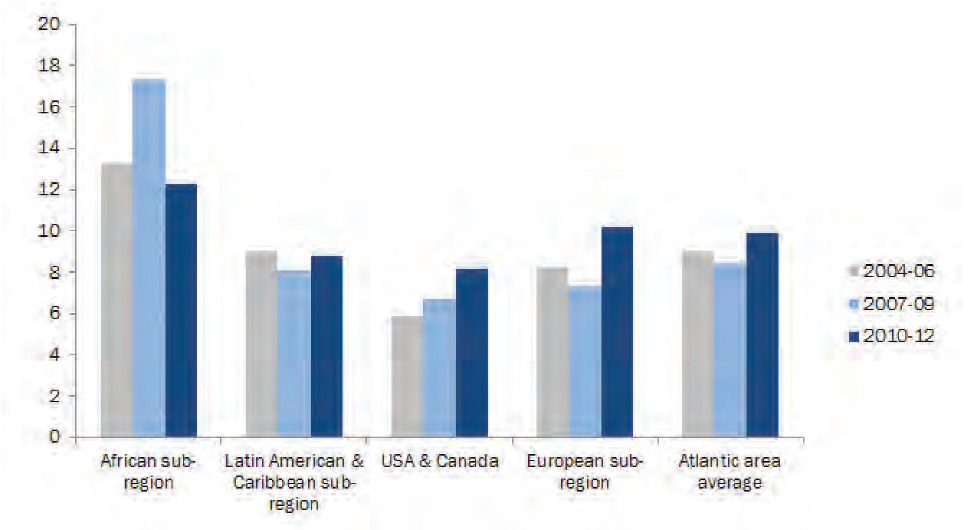
Source: Calculation based on World Development Indicators Database, World Bank

Figure 17: Unemployment rate by sub-region in the Atlantic area, (percent of total labor force)

Average by sub-region	2004-06	2007-09	2010-12
African sub-region	13.3	17.4	12.3
Latin American & Caribbean sub-region	9.0	8.1	8.8
USA & Canada	5.9	6.7	8.2
European sub-region	8.2	7.3	10.2
Atlantic area average	**9.0**	**8.5**	**9.9**
World average	**8.9**	**8.6**	**9.2**

Source: Calculation based on World Development Indicators Database, World Bank

Figure 18: Unemployment rate in the Atlantic area (percent of total labor force)



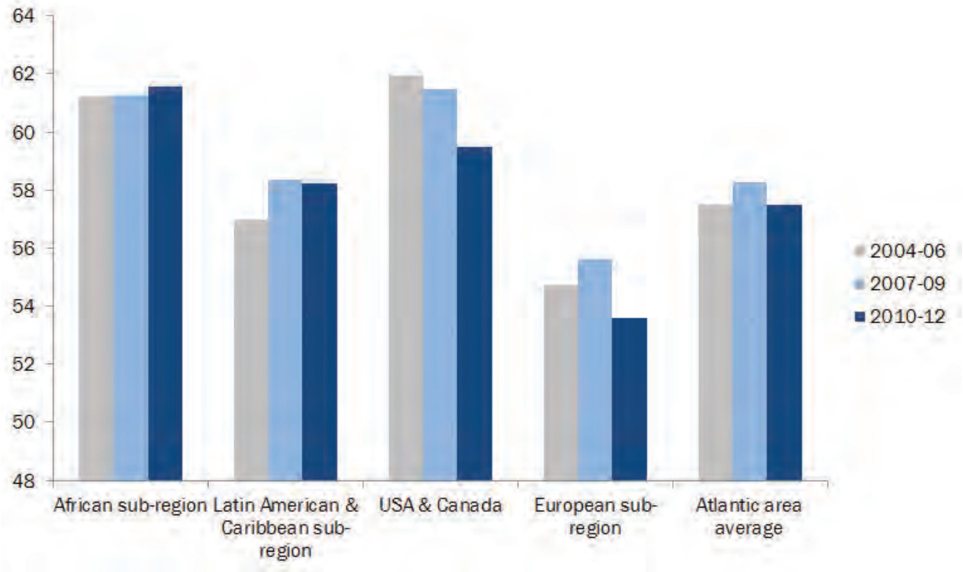
Source: Calculation based on World Development Indicators Database, World Bank

Figure 19: Employment ratio by Atlantic area sub-region (percent share in 15+ aged population)

Average by sub-region	2004-06	2007-09	2010-12
African sub-region	61.2	61.2	61.6
Latin American & Caribbean sub-region	57.0	58.3	58.2
USA & Canada	61.9	61.5	59.5
European sub-region	54.7	55.6	53.6
Atlantic area average	**57.5**	**58.3**	**57.5**
World average	**55.2**	**54.4**	**54.2**

Source: Calculation based on World Development Indicators Database, World Bank

Figure 20: Employment ratio in the Atlantic area (percent share in 15+ aged population)



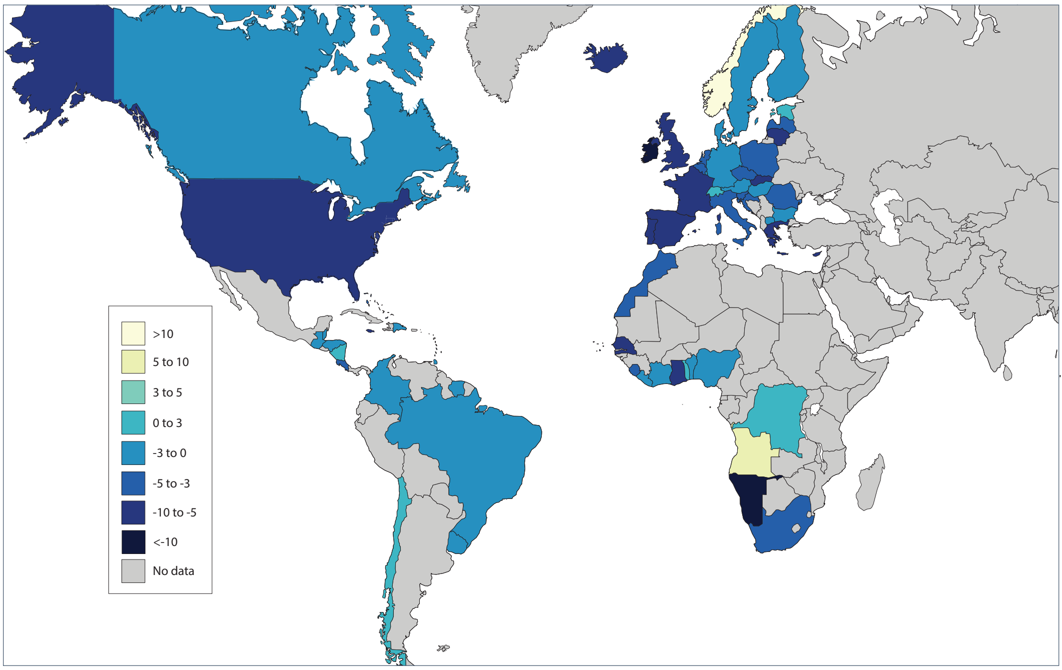
Source: Calculation based on World Development Indicators Database, World Bank

Figure 21: Budget deficit/surplus (percent of GDP)

Average by sub-region	2004-06	2007-09	2010-12
African sub-region	-0.5	3.7	-3.7
Latin American & Caribbean sub-region	-1.1	-2.2	-2.6
USA & Canada	-0.9	-2.8	-5.0
European sub-region	-0.7	-1.8	-3.6
Atlantic area average	**-0.8**	**-0.6**	**-3.4**
World average	**-0.2**	**-2.6**	**-2.4**
Standard deviation across Atlantic area countries	**4.1**	**6.9**	**4.3**

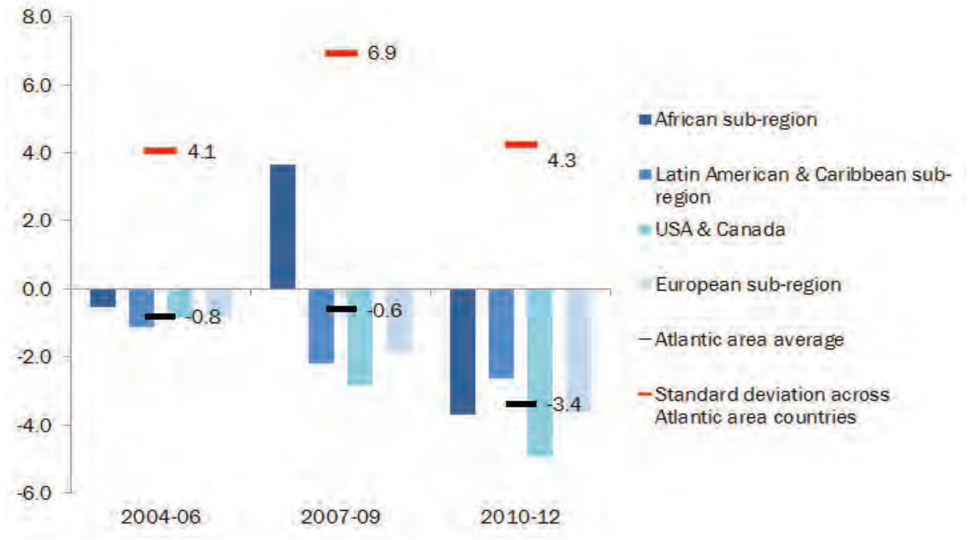
Source: Calculation based on World Development Indicators Database, World Bank

Figure 22: Surplus/deficit balance in the Atlantic area in percent of GDP (average 2010-12)



Source: Calculation based on World Development Indicators Database, World Bank

Figure 23: Budget balance convergence between Atlantic area countries (percent of GDP)



Source: Calculation based on World Development Indicators Database, World Bank

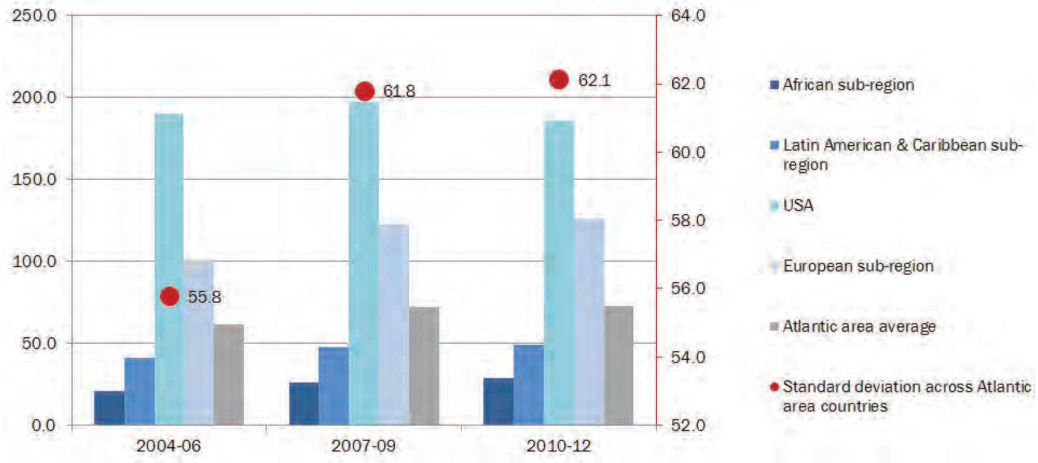
6 – Convergence and synchronization of financial sectors

Figure 24: Credit to private sector (percent of GDP)

Average by sub-region	2004-06	2007-09	2010-12
African sub-region	21.0	25.8	28.3
Latin American & Caribbean sub-region	41.4	47.6	48.9
USA[a]	189.8	196.9	186.1
European sub-region	100.7	122.9	126.0
Atlantic area average	**61.3**	**71.8**	**72.9**
World average	**47.6**	**56.7**	**58.8**
Standard deviation across Atlantic countries	**55.8**	**61.8**	**62.1**

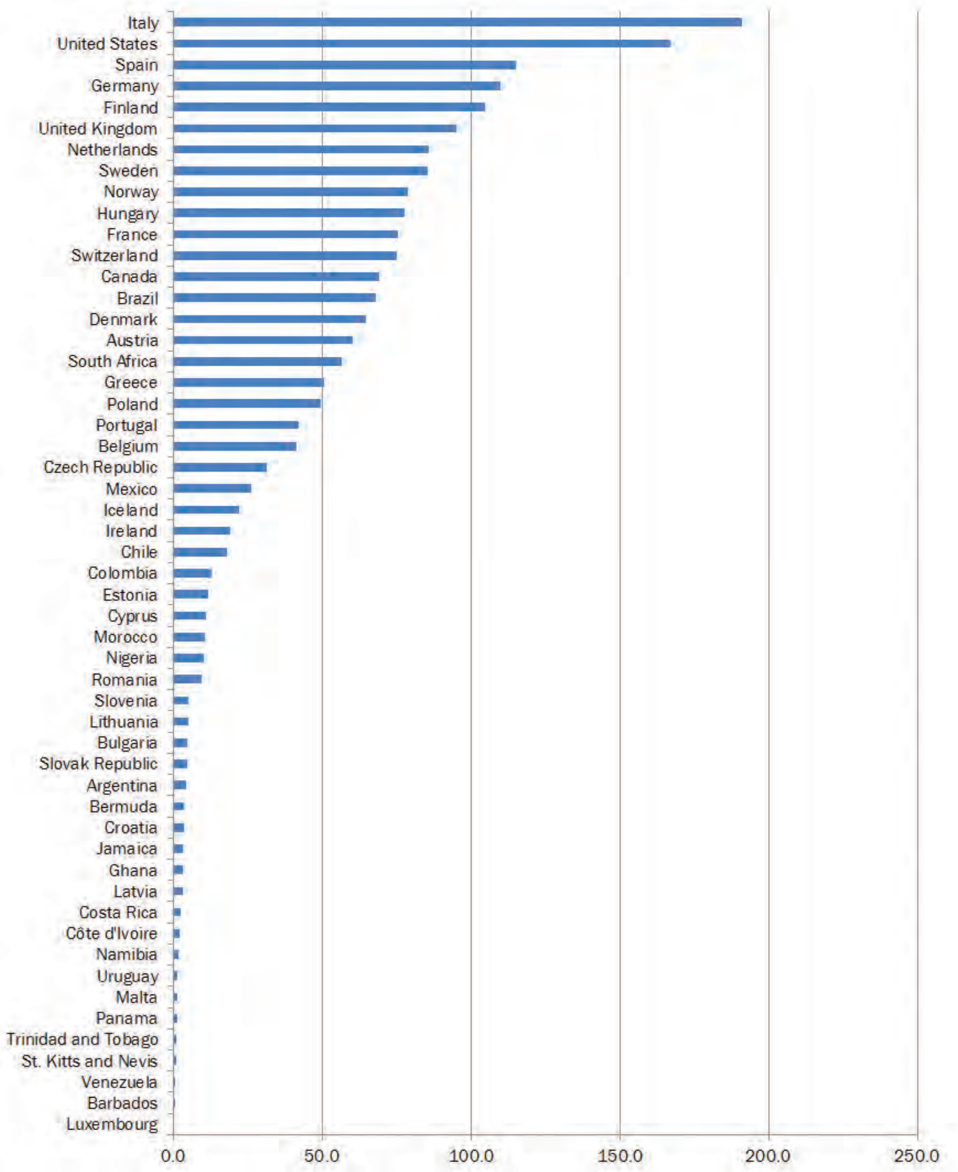
[a] Canada is excluded given the fact that the credit to GDP ratio is unavailable in WDI database for this country since 2009.
Source: Calculation based on World Development Indicators Database, World Bank

Figure 25: Credit to private sector by sub-region in the Atlantic area (percent of GDP)



Source: Calculation based on World Development Indicators Database, World Bank

Figure 26: Average turnover ratios 2010-12 (in percent)[2]



Source: World Development Indicators Database, World Bank

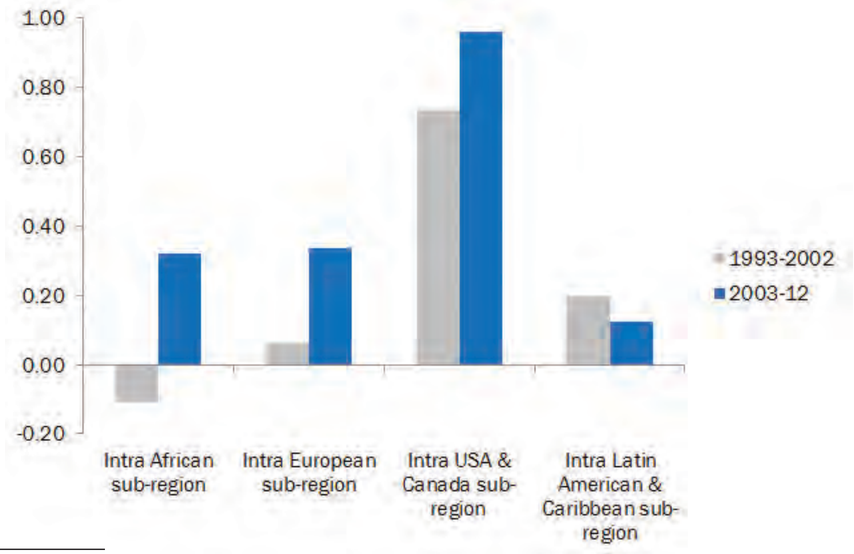
[2] Turnover ratio is the total value of shares traded during the period divided by the average market capitalization for the period. Average market capitalization is calculated as the average of the end-of-period values for the current period and the previous period.

Figure 27: Stock exchange turnover ratios synchronization in the Atlantic area

	1993-2002	2003-12
Mean of bilateral correlations within sub-regions of the Atlantic Area		
Intra African sub-region	-0.1	0.3
Intra European sub-region	0.1	0.3
Intra USA & Canada sub-region	0.7	1.0
Intra Latin American & Caribbean sub-region	0.2	0.1
Mean of bilateral correlations between sub-regions of the Atlantic Area		
African sub-region / European sub-region	0.0	0.3
African sub-region / USA & Canada sub-region	0.0	0.5
African sub-region / Latin American & Caribbean sub-region	0.0	0.2
European sub-region / USA & Canada sub-region	0.2	0.2
European sub-region / Latin American & Caribbean sub-region	-0.1	0.2
USA & Canada sub-region / Latin American & Caribbean sub-region	-0.3	0.2
Mean of bilateral correlations between all countries in the Atlantic Area	**0.01**	**0.26**

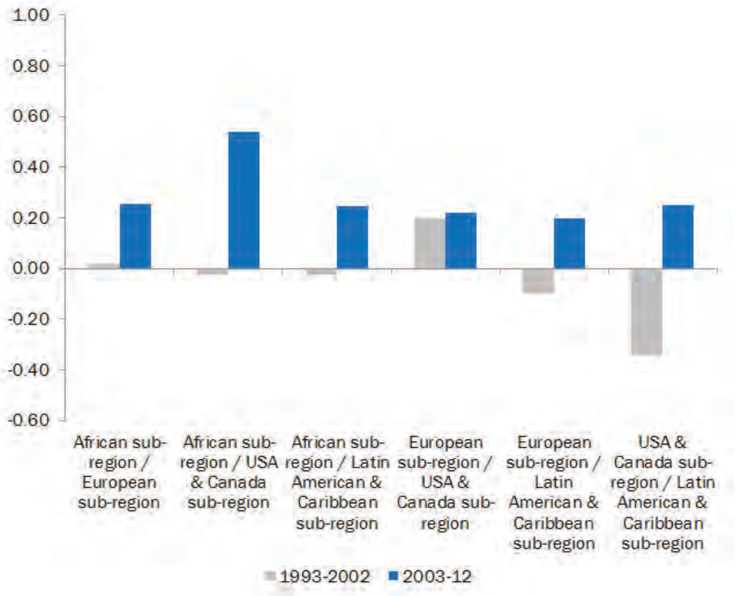
Source: Calculations based on World Development Indicators

Figure 28: Correlations within sub-regions in the Atlantic area[3] (Mean of bilateral correlations of turnover ratios)



[3] A positive coefficient of correlation could be interpreted as a synchronization effect. The higher the positive coefficient of correlation, the higher the synchronization between countries.

Figure 29: Correlations between sub-regions in the Atlantic area (Mean of bilateral correlations of Turnover ratios)



Source: Calculations based on World Development Indicators Database, World Bank

Figure 30: Geographical breakdown of exportations: Intra-regional & toward the rest of the world (three-year average share in total exportations, in percent)

Toward / From	African sub-region		Latin American & Caribbean sub-region		USA + Canada		European sub-region		Total Atlantic Area		Rest of the world	
	2008-10	2011-13	2008-10	2011-13	2008-10	2011-13	2008-10	2011-13	2008-10	2011-13	2008-10	2011-13
African sub-region	9.7	9.3	4.2	5.1	22.2	15.1	28.0	28.1	64.1	57.5	35.9	42.5
Latin America & Caribbean Sub-region	1.2	1.1	15.5	14.9	41.4	42.3	13.4	12.8	71.5	71.1	28.5	28.9
USA + Canada	1.1	1.2	16.8	19.0	33.2	31.7	19.1	17.0	70.2	68.9	29.8	31.1
European sub-region	1.6	1.8	2.0	2.4	7.1	7.2	69.6	66.4	80.4	77.7	19.6	22.3
Total Atlantic Area									**77.0**	**74.5**	**23.0**	**25.5**

Source: Calculations based on International Trade Centre Database

Figure 31: African sub-region exportations to the Atlantic area and the rest of the world (percent share of total exports of African sub-region)

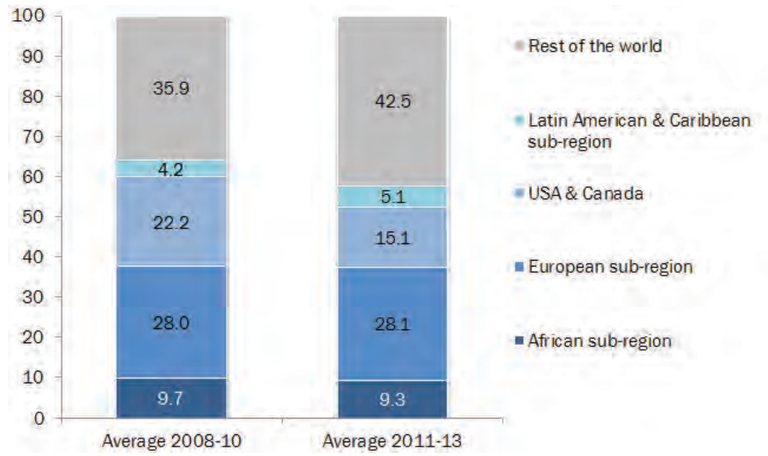


Figure 32: European sub-region exportations to the Atlantic area and the rest of the world (percent share of total exports of European sub-region)

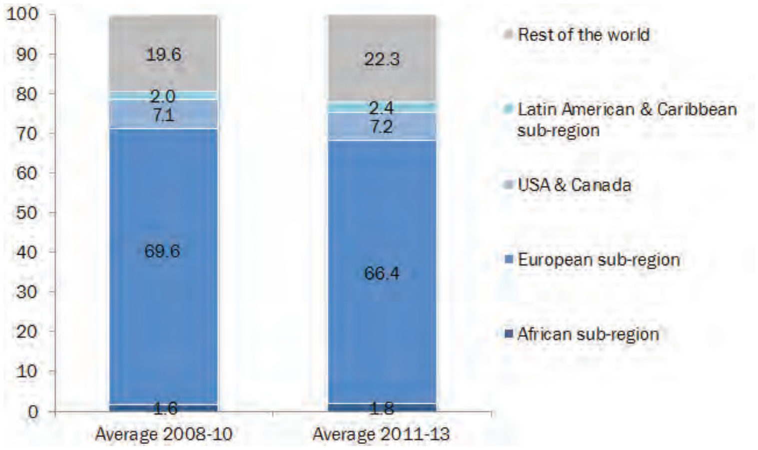


Figure 33: USA & Canada sub-region exportations to the Atlantic area and the rest of the world (percent share of total exports of USA & Canada sub-region)

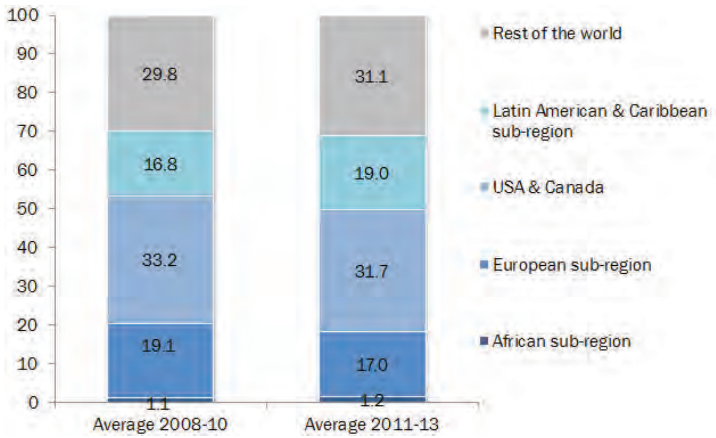


Figure 34: Latin America & Caribbean sub-region exportations to the Atlantic area and the rest of the world (percent share of total exports of Latin America & Caribbean sub-region)

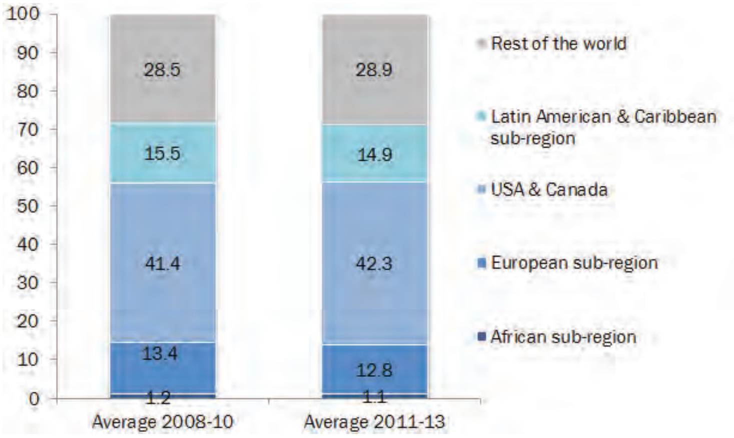
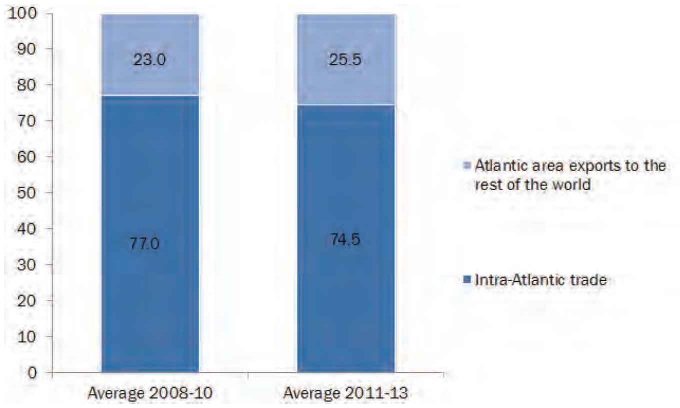


Figure 35: Intra-regional share of Atlantic area export in its total export



Source: Calculations based on International Trade Centre Database

Figure 36: Foreign Direct Investment inflows

Average inflows by destination, in millions of US$	2008-10	2011-13
African sub-region	27,842	27,809
Latin American & Caribbean sub-region	108,408	165,401
USA & Canada	253,557	238,958
European sub-region	474,227	344,422
Atlantic area	**864,034**	**776,591**
World	**1,487,643**	**1,494,107**
Shares in world inflows (by destination, in percent)		
African sub-region	2	2
Latin American & Caribbean sub-region	7	11
USA & Canada	17	16
European sub-region	32	22
Atlantic area	**58**	**51**
Rest of the world	**42**	**49**
Shares in Atlantic area inflows (by destination, in percent)		
African sub-region	3	4
Latin American & Caribbean sub-region	13	22
USA & Canada	29	31
European sub-region	55	43
Atlantic area	**100**	**100**

Source: Calculations and World Investment Report 2014, UNCTAD

Figure 37: Foreign Direct Investment outflows

Average outflows by origin, in millions of US$	2008-10	2011-13
African sub-region	16,968	26,014
Latin American & Caribbean sub-region	32,335	40,839
USA & Canada	291,429	363,973
European sub-region	724,012	459,520
Atlantic area	**1,064,745**	**890,347**
World	**1,546,049**	**1,489,673**
Shares in the world outflows by origin, in percent		
African sub-region	1	2
Latin American & Caribbean sub-region	2	3
USA & Canada	20	25
European sub-region	45	30
Atlantic area	**68**	**59**
Rest of the world	**32**	**41**
Shares in the Atlantic area outflows by origin, in percent		
African sub-region	2	3
Latin American & Caribbean sub-region	3	5
USA & Canada	29	42
European sub-region	66	50
Atlantic area	**100**	**100**

Source: Calculations and World Investment Report 2014, UNCTAD

Figure 38: Atlantic sub-regions received inflows (percent share in world inflows)

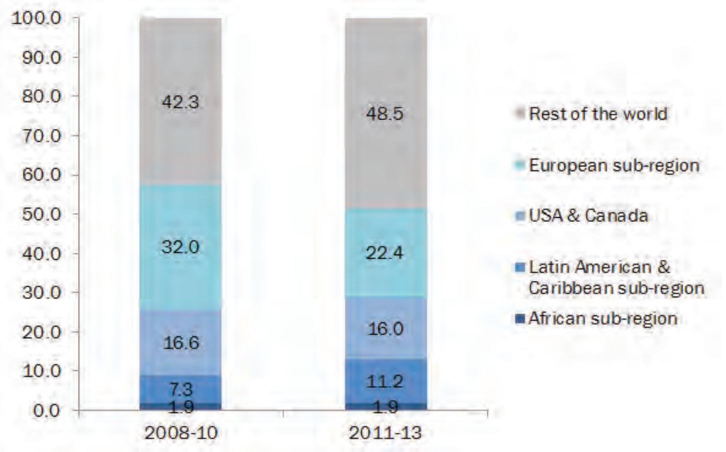


Figure 39: Atlantic sub-regions received inflows(percent share in total Atlantic inflows)

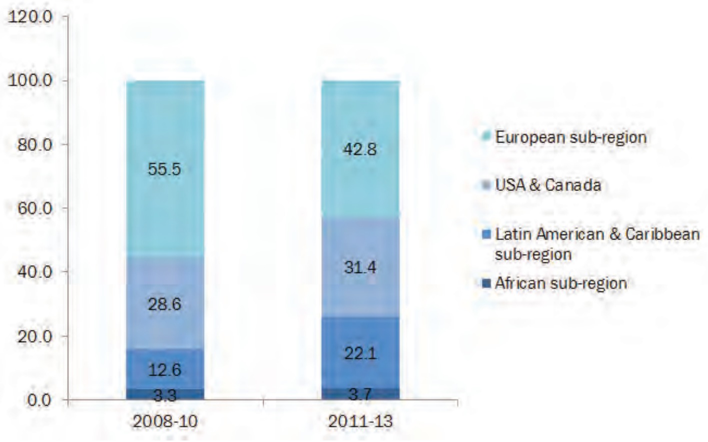


Figure 40: Atlantic sub-regions outflows (percent share in world outflows)

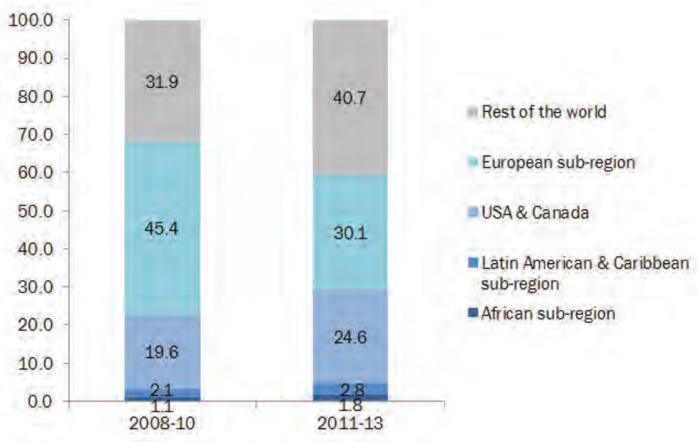
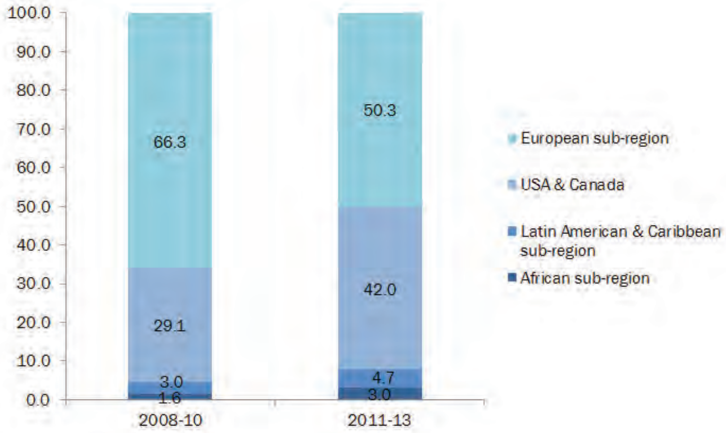


Figure 41: Atlantic sub-regions outflows (percent share in total Atlantic outflows)



Source: Calculations based on the World Investment Report 2014, UNCTAD

Figure 42: Portfolio investments received by the African sub-region by origin (three-year average, percent share)

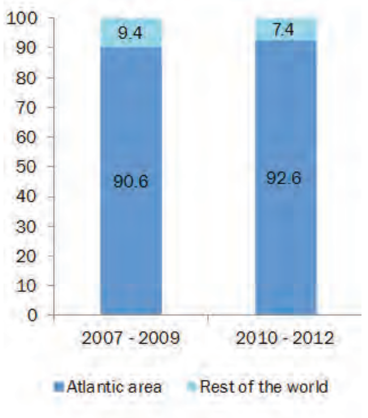


Figure 43: Portfolio investments received by the Latin American & Caribbean sub-region by origin (three-year average, percent share)

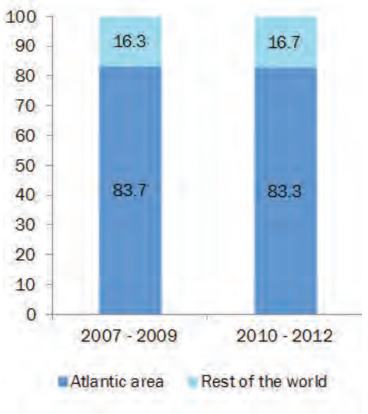


Figure 44: Portfolio investments received by the USA & Canada sub-region by origin (three-year average, percent share)

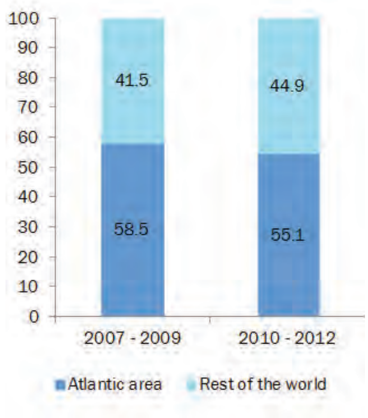


Figure 45: Portfolio investments received by the European sub-region by origin (three-year average, percent share)

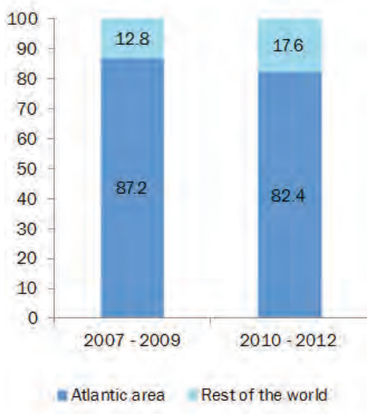
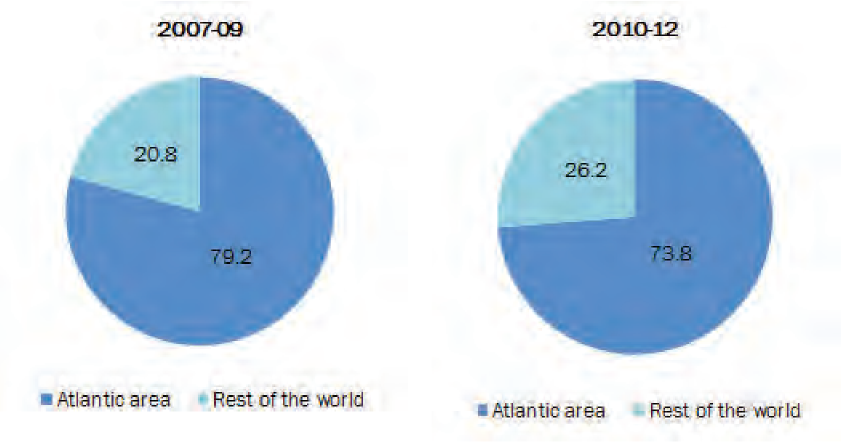


Figure 46: Portfolio investments received by all countries included in the Atlantic area by origin (three-year average, percent share)



Source: Calculations based on Coordinated Portfolio Investment Survey (CPIS) database, IMF

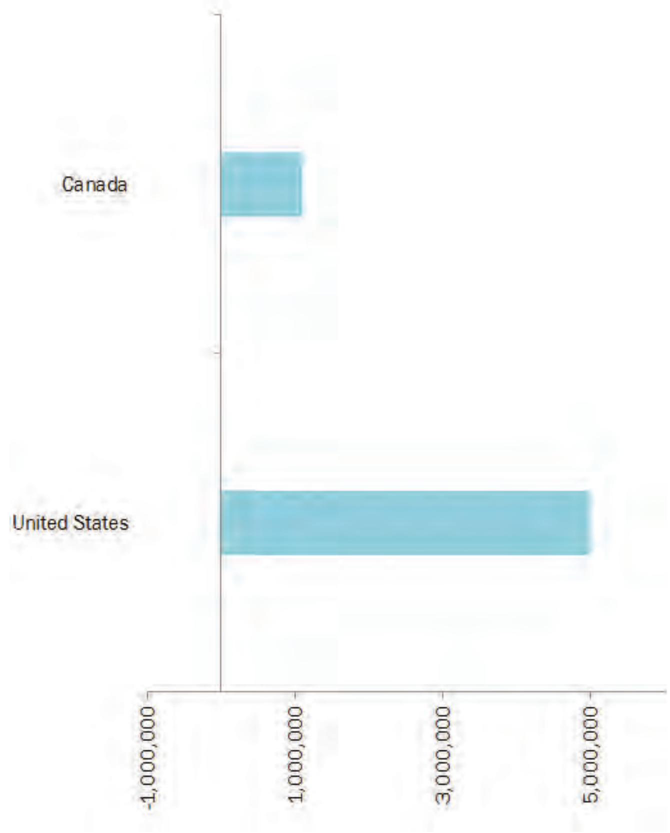
Figure 47: Geographical Breakdown of received portfolio investment (percent share in total portfolio investment received by each sub-region, three-year average)

From / Toward	African sub-region		European sub-region		USA & Canada		Latin American & Caribbean sub-region		Total Atlantic area		Rest of the World	
	2007-09	2010-12	2007-09	2010-12	2007-09	2010-12	2007-09	2010-12	2007-09	2010-12	2007-09	2010-12
African sub-region	0.3	0.4	41.1	43.9	48.5	47.5	0.7	0.9	90.6	92.6	9.4	7.4
European sub-region	0.3	0.5	68.0	64.7	15.3	16.3	3.7	0.9	87.2	82.4	12.8	17.6
USA & Canada	0.2	0.2	42.5	38.1	10.5	12.1	5.3	4.7	58.5	55.1	41.5	44.9
Latin American & Caribbean sub-region	0.8	1.0	28.0	33.6	52.3	46.3	2.7	2.5	83.7	83.3	16.3	16,7
Total Atlantic area									**79.2**	**73.8**	**20.8**	**26.2**

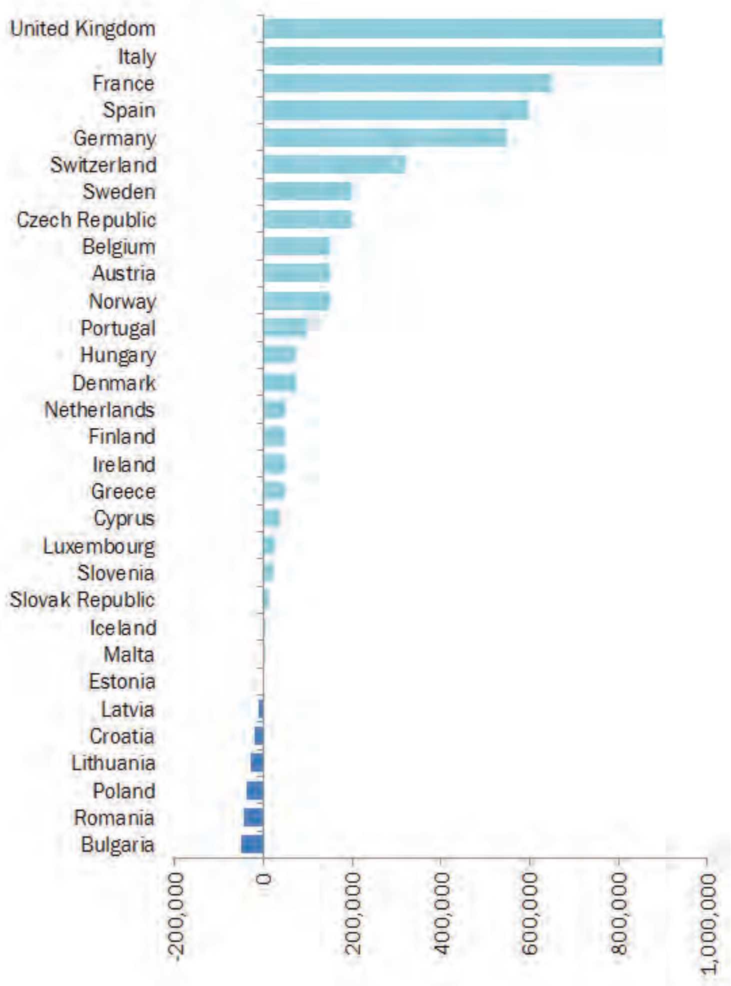
Source: Calculations based on Coordinated Portfolio Investment Survey (CPIS) database, IMF

Figure 48: Net flow of migrants during five-year period (the number of immigrants less the number of emigrants)

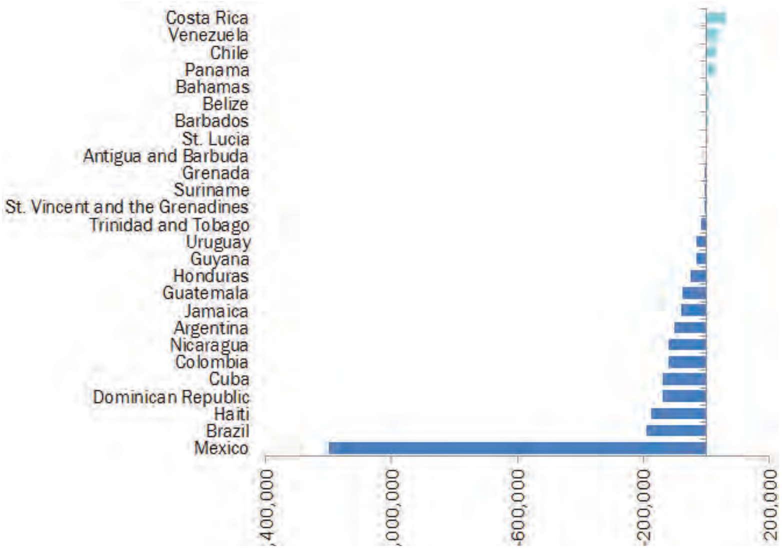
USA & Canada



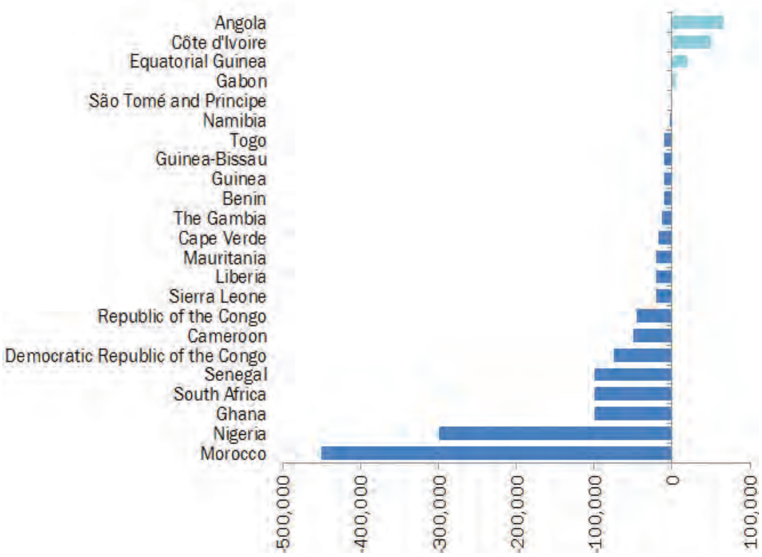
European sub-region



Latin American & Caribbean sub-region



African sub-region



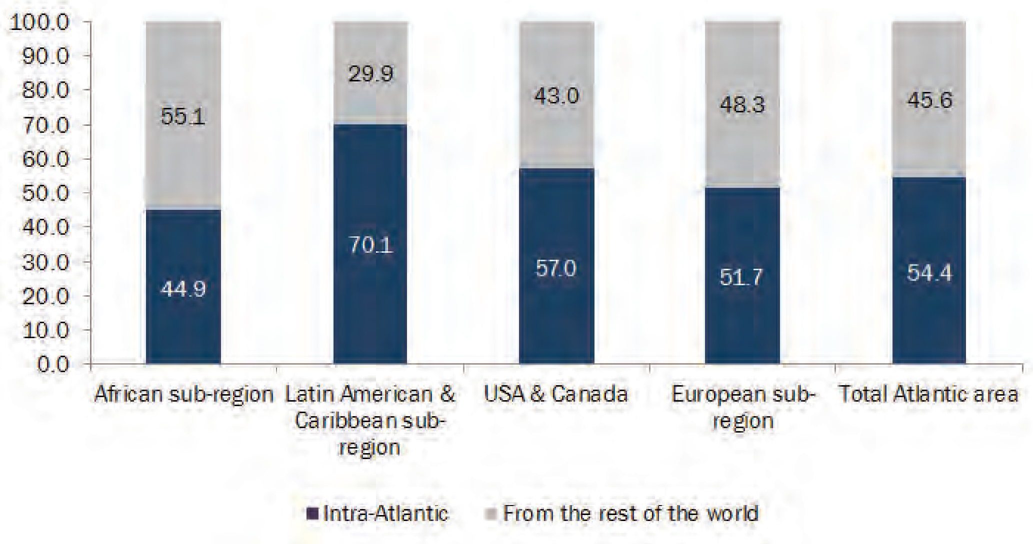
Source: World Development Indicators, World Bank

Figure 49: Total migrant population at mid-year by origin and destination in the Atlantic area, 2013 (millions)

Destination / Origin	African sub-region	Latin American & Caribbean sub-region	USA & Canada	European sub-region	Atlantic area	Rest of the world
African sub-region	3.8	0.0	0.0	0.6	4.4	5.4
Latin American & Caribbean sub-region	0.0	2.8	1.0	1.0	4.9	2.1
USA & Canada	1.0	21.7	1.2	6.3	30.3	22.8
European sub-region	8.5	3.0	0.9	18.6	31.0	28.9
Total Atlantic area					**70.6**	**59.2**

Source: Aggregation based on United Nations database "Trends in International Migrant Stock," 2013

Figure 50: Share of intra-regional migrant population in the Atlantic area, 2013 (percent in total migrant population in the Atlantic area)



Source: Calculations based on United Nations database "Trends in International Migrant Stock," 2013

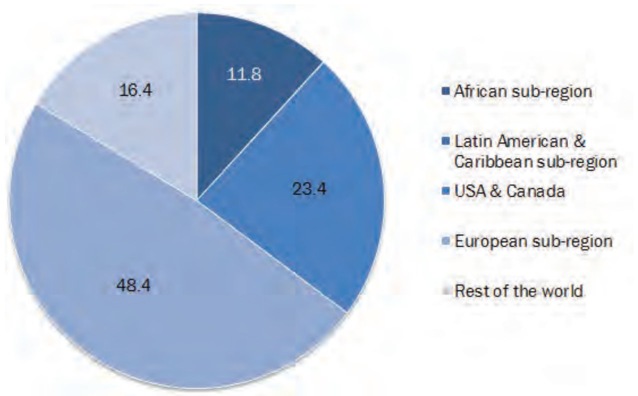
Figure 51: Remittances inflow toward Atlantic area sub-regions – 2012 (in US$ millions)

Toward \ From	African sub-region	Latin American & Caribbean sub-region	USA & Canada	European sub-region	Atlantic area	Rest of the world
African sub-region	3,756	13	7,456	15,445	26,670	5,217
Latin American & Caribbean sub-region	2	3,140	40,604	4,359	48,105	4,378
USA & Canada	6	1,183	544	1,203	2,936	1,586
European sub-region	794	4,810	18,712	65,241	89,557	19,889
Total Atlantic area					**167,268**	**31,070**

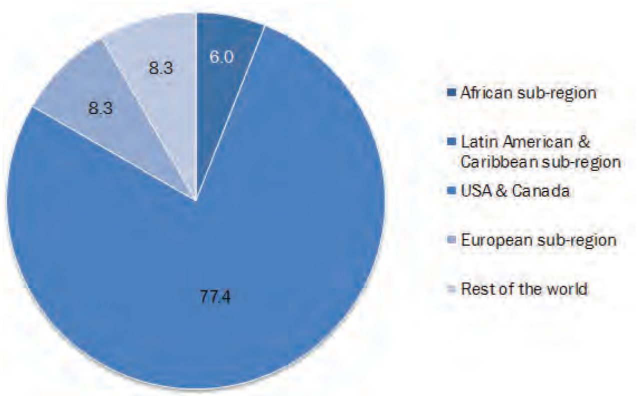
Source: Calculations based on Bilateral Remittances Matrix 2012, IMF

Figure 52: Remittances inflow toward Atlantic area sub-regions – 2012 (percent share in total remittances inflow received from the world)

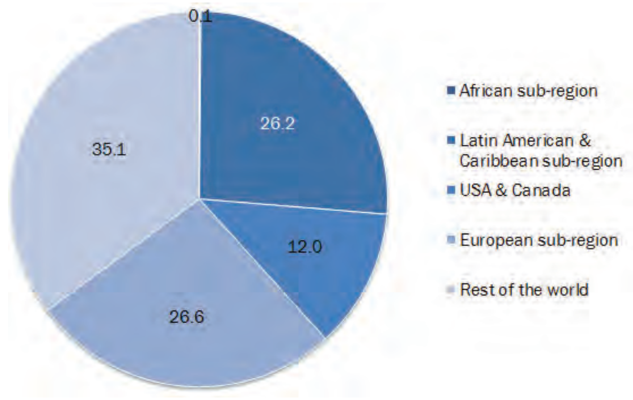
African sub-region



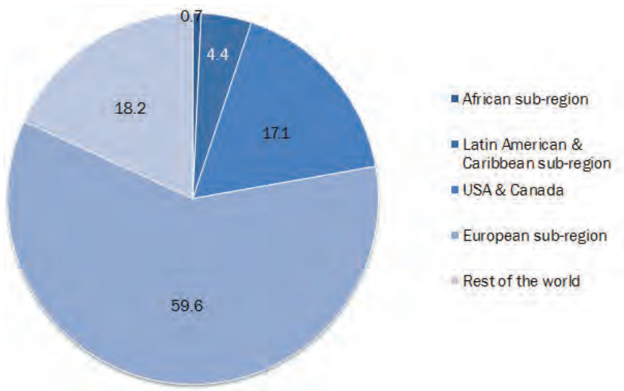
Latin American & Caribbean sub-region



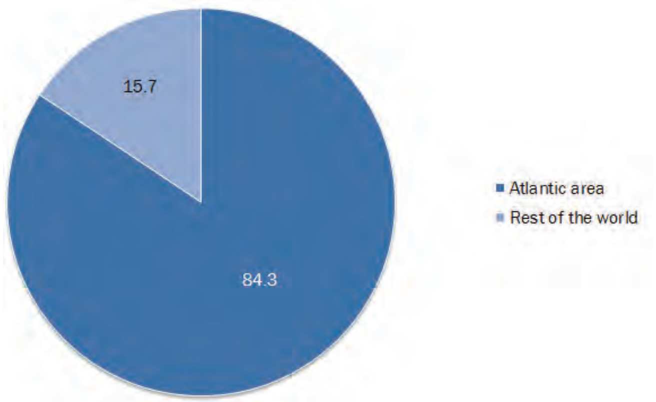
USA & Canada



European sub-region



Total Atlantic Area



Source: Calculations based on Bilateral Remittances Matrix 2012, IMF

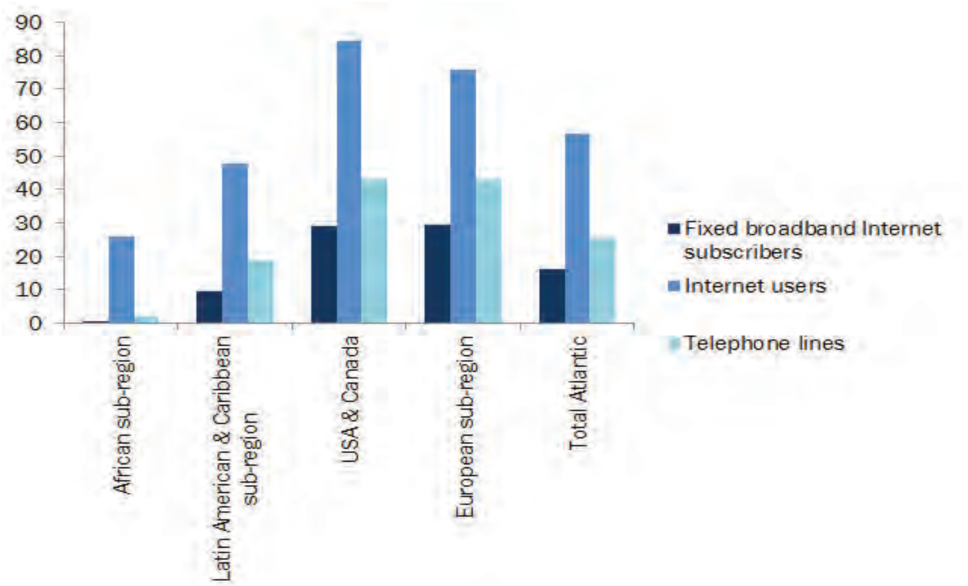
10 - Infrastructure accessibility

Figure 53: Population with access to communication infrastructure (2013)

	Fixed broadband Internet subscribers - 2013	Internet users - 2013	Telephone lines - 2013
African sub-region	2,858,569	127,023,223	10,707,859
Latin American & Caribbean sub-region	51,506,155	258,144,116	102,166,917
USA & Canada	101,924,814	296,346,307	150,972,354
European sub-region	152,803,287	395,509,537	223,104,179
Total Atlantic area	**309,092,824**	**1,077,023,183**	**486,951,309**

Source: Calculations based on World Development Indicators Database, World Bank

Figure 54: Population with access to communication infrastructure (2013) (percent share of total population by region)



Source: Calculations based on World Development Indicators Database, World Bank

Figure 55: Improved sanitation facilities, urban (percent of urban population with access) 2012

Austria	100.0		Cuba	94.0	
Belgium	100.0		Trinidad and Tobago	92.1	
Bulgaria	100.0		Bahamas	92.0	
Canada	100.0		Guatemala	88.4	
Chile	100.0		Suriname	88.4	
Cyprus	100.0		Guyana	87.9	
Czech Republic	100.0		Brazil	87.0	
Denmark	100.0		Mexico	87.0	
Finland	100.0		Angola	86.8	
France	100.0		Dominican Republic	85.5	
Germany	100.0		Honduras	85.3	
Greenland	100.0		Colombia	84.9	
Hungary	100.0		Morocco	84.5	
Iceland	100.0		South Africa	81.7	
Luxembourg	100.0		Panama	79.7	
Malta	100.0		Jamaica	78.4	
Netherlands	100.0		Cape Verde	75.2	
Norway	100.0		Senegal	67.1	
Portugal	100.0		The Gambia	64.0	
Slovenia	100.0		Nicaragua	63.2	
Spain	100.0		Cameroon	61.7	
Sweden	100.0		Namibia	56.1	
Switzerland	100.0		Mauritania	51.1	
United Kingdom	100.0		Gabon	42.9	
United States	100.0		São Tomé and Principe	40.8	
Slovak Republic	99.9		Guinea-Bissau	33.5	
Ireland	99.6		Côte d'Ivoire	32.7	
Greece	99.4		Guinea	32.7	
Lithuania	98.7		Haiti	31.0	

Croatia	98.6		Nigeria	30.8	
Grenada	97.5		Democratic Republic of the Congo	29.1	
Argentina	97.1		Liberia	28.4	
Uruguay	96.5		Togo	25.5	
Estonia	95.8		Benin	25.3	
Poland	95.7		Sierra Leone	22.5	
Costa Rica	94.9		Ghana	19.9	
Belize	94.2		Republic of the Congo	19.6	

Source: World Development Indicators Database, World Bank

Figure 56: Improved water, urban (percent of urban population with access) 2012

Austria	100.0	São Tomé and Principe	98.9
Belgium	100.0	St. Lucia	98.6
Canada	100.0	Morocco	98.5
Cyprus	100.0	Romania	98.5
Denmark	100.0	Bahamas	98.4
Finland	100.0	Belize	98.4
France	100.0	Namibia	98.4
Germany	100.0	St. Kitts and Nevis	98.3
Greece	100.0	Suriname	98.1
Greenland	100.0	Antigua and Barbuda	97.9
Hungary	100.0	Nicaragua	97.6
Iceland	100.0	Trinidad and Tobago	97.4
Ireland	100.0	Jamaica	97.1
Italy	100.0	Colombia	96.9
Luxembourg	100.0	Gabon	96.8
Malta	100.0	Honduras	96.8
Netherlands	100.0	Panama	96.8
Norway	100.0	Guyana	96.6
Poland	100.0	Cuba	96.3
Slovak Republic	100.0	Guinea-Bissau	96.1
Sweden	100.0	Mexico	96.1
Switzerland	100.0	Dominica	95.7
United Kingdom	100.0	Republic of the Congo	95.7
Czech Republic	99.9	St. Vincent and the Grenadines	95.1
Spain	99.9	The Gambia	94.2
Uruguay	99.9	Cameroon	94.1
Barbados	99.8	Ghana	92.5
Croatia	99.8	Senegal	92.5
Estonia	99.8	Guinea	92.2

Portugal	99.8		Togo	92.0	
Slovenia	99.8		Côte d'Ivoire	91.5	
Brazil	99.7		Cape Verde	91.2	
Bulgaria	99.6		Sierra Leone	87.1	
Chile	99.6		Liberia	86.8	
Costa Rica	99.6		Benin	84.5	
Latvia	99.6		Dominican Republic	82.5	
United States	99.4		Democratic Republic of the Congo	79.1	
Lithuania	99.3		Nigeria	78.8	
South Africa	99.2		Haiti	74.6	
Guatemala	99.1		Angola	67.6	
Argentina	99.0		Mauritania	52.3	
Grenada	99.0				

Source: World Development Indicators Database, World Bank

Figure 57: Improved water, rural (percent of rural population with access) 2012

Austria	100.0		Uruguay	94.9	
Belgium	100.0		São Tomé and Principe	93.6	
Belize	100.0		St. Lucia	92.8	
Cyprus	100.0		Chile	91.3	
Denmark	100.0		Costa Rica	90.9	
Finland	100.0		Mexico	90.8	
France	100.0		Lithuania	88.9	
Germany	100.0		Jamaica	88.8	
Greenland	100.0		Guatemala	88.6	
Hungary	100.0		Suriname	88.4	
Iceland	100.0		South Africa	88.3	
Italy	100.0		Namibia	87.4	
Luxembourg	100.0		Cuba	87.3	
Malta	100.0		Panama	86.6	
Netherlands	100.0		Cape Verde	86.0	
Norway	100.0		Brazil	85.3	
Slovak Republic	100.0		The Gambia	84.4	
Spain	100.0		Honduras	81.5	
Sweden	100.0		Ghana	81.3	
Switzerland	100.0		Dominican Republic	77.2	
United Kingdom	100.0		Colombia	73.6	
Portugal	99.9		Benin	69.1	
Barbados	99.8		Côte d'Ivoire	67.8	
Ireland	99.7		Nicaragua	67.8	
Czech Republic	99.6		Guinea	65.0	
Greece	99.4		Morocco	63.6	
Slovenia	99.4		Gabon	63.0	
Bulgaria	99.0		Liberia	63.0	
Canada	99.0		Senegal	60.3	
Bahamas	98.4		Guinea-Bissau	55.5	

St. Kitts and Nevis	98.3		Cameroon	51.9	
United States	98.0		Nigeria	49.1	
Antigua and Barbuda	97.9		Mauritania	47.7	
Guyana	97.9		Haiti	47.5	
Estonia	97.6		Sierra Leone	42.4	
Croatia	96.8		Togo	41.0	
Latvia	95.8		Republic of the Congo	38.8	
Argentina	95.3		Angola	34.3	
Grenada	95.3		Democratic Republic of the Congo	29.0	
St. Vincent and the Grenadines	95.1				

Source: World Development Indicators Database, World Bank

Figure 58: Liner shipping connectivity index[4] by sub-region in the Atlantic area (base maximum[5] 2004 = 100)(Maritime connectivity)

Average by sub-region	2007	2010	2013
African sub-region	9.3	12.1	13.8
Latin American & Caribbean sub-region	12.8	14.5	17.3
USA & Canada sub-region	59.0	63.1	65.6
European sub-region	29.9	33.7	37.6
Atlantic area average	**18.1**	**20.9**	**23.6**

Source: Author's geographical aggregation based on UNCTAD database

Figure 59: Domestic and international departures of air carriers registered by sub-region in the Atlantic area

	2004-06	2007-09	2010-12
African sub-region	262,558	279,364	403,085
Latin American & Caribbean sub-region	1,502,708	1,659,577	2,175,296
USA & Canada sub-region	10,774,714	10,546,678	11,257,962
European sub-region	6,045,941	6,105,019	5,842,651
Total Atlantic area	**18,585,922**	**18,590,639**	**19,678,994**

Source: Aggregation based on World Development Indicator Database, World Bank

[4] The liner shipping connectivity index (LSCI) indicates a country's integration level into global liner shipping networks. The index base year is 2004, and the base value is on a country showing a maximum figure for 2004. LSCI is generated from five components: 1) the number of ships; 2) the total container-carrying capacity of those ships; 3) the maximum vessel size; 4) the number of services; and 5) the number of companies that deploy container ships on services from and to a country's ports. The data are derived from Containerization International Online and Lloyds List Intelligence.

[5] China's indice was 100 in 2004.

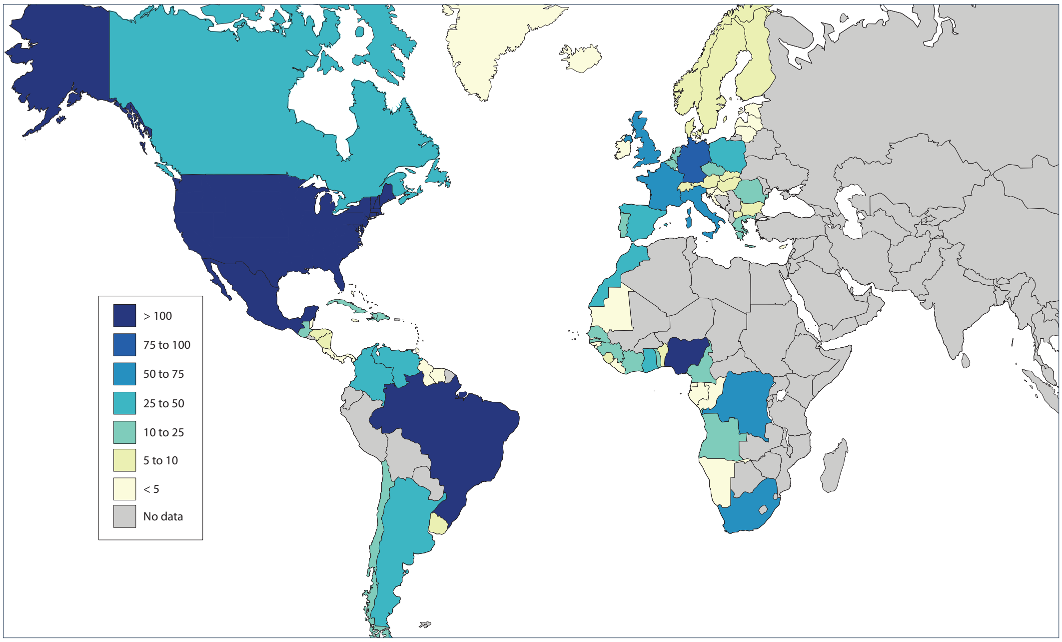
Figure 60: Overall logistics performance index (1=low to 5=high)[6]

Average by region	2007	2010	2012
African sub-region	2.4	2.5	2.5
Latin American & Caribbean sub-region	2.6	2.8	2.7
USA & Canada sub-region	4.0	3.9	3.9
European sub-region	3.5	3.5	3.5
Atlantic area average	**3.0**	**3.1**	**3.0**

Source: Author's geographical aggregation based on World Development Indicators Database, World Bank

[6] Logistics Performance Index overall score reflects perceptions of a country's logistics based on efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time. The index ranges from 1 to 5, with a higher score representing better performance. Data are from Logistics Performance Index surveys conducted by the World Bank in partnership with academic and international institutions and private companies and individuals engaged in international logistics. The 2009 round of surveys covered more than 5,000 country assessments by nearly 1,000 international freight forwarders. Respondents evaluate eight markets on six core dimensions on a scale from 1 (worst) to 5 (best).

Figure 61: Atlantic area population – 2013 (in millions)



Source: World Development Indicators Database, World Bank

Figure 62: Population in Atlantic area by sub-region - 2013

	Population size	Share in Atlantic population (percent)	Share in world population (percent)
African sub-region	487,785,483	26	7
Latin American & Caribbean sub-region	541,331,212	28	8
USA & Canada	351,287,143	18	5
European sub-region	520,284,422	27	7
Total Atlantic area	**1,900,688,260**	**100**	**27**

Source: Calculations based on World Development Indicators Database, World Bank

Figure 63: Urban and rural populations in the Atlantic area - 2013

	Population size		Percent share in total population	
	Urban	Rural	Urban	Rural
African sub-region	245,708,245	242,077,238	50.4	49.6
Latin American & Caribbean sub-region	435,950,388	105,380,824	80.5	19.5
USA & Canada	290,398,446	60,888,697	82.7	17.3
European sub-region	387,248,590	133,035,832	74.4	25.6
Atlantic area	**1,359,305,669**	**541,382,591**	**71.5**	**28.5**

Source: Calculations based on World Development Indicators Database, World Bank

Figure 64: Atlantic area population by gender - 2013

	Population size		Percent share in total population	
	Male	Female	Male	Female
African sub-region	244,017,315	243,768,168	50.0	50.0
Latin American & Caribbean sub-region	266,034,851	275,296,361	49.1	50.9
USA & Canada	173,008,655	178,278,488	49.2	50.8
European sub-region	258,093,587	262,190,835	49.6	50.4
Atlantic area	**941,154,408**	**959,533,852**	**49.5**	**50.5**

Source: Calculations based on World Development Indicators Database, World Bank

Figure 65: Atlantic population by gender (percent in total population)

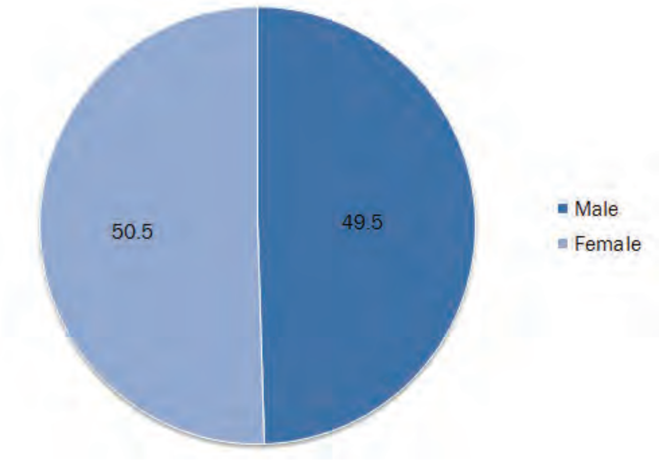
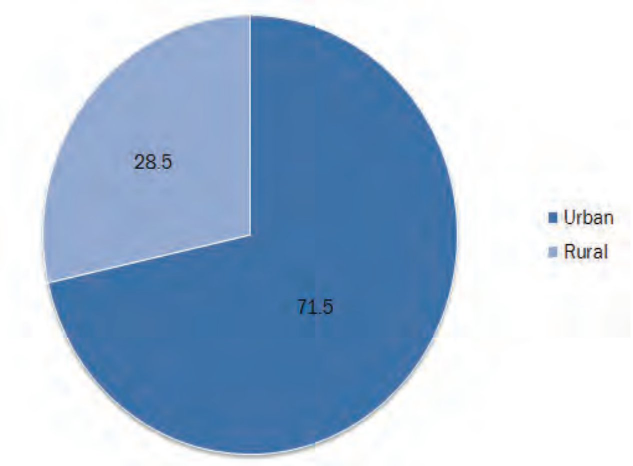


Figure 66: Atlantic population by residence area (percent in total population)



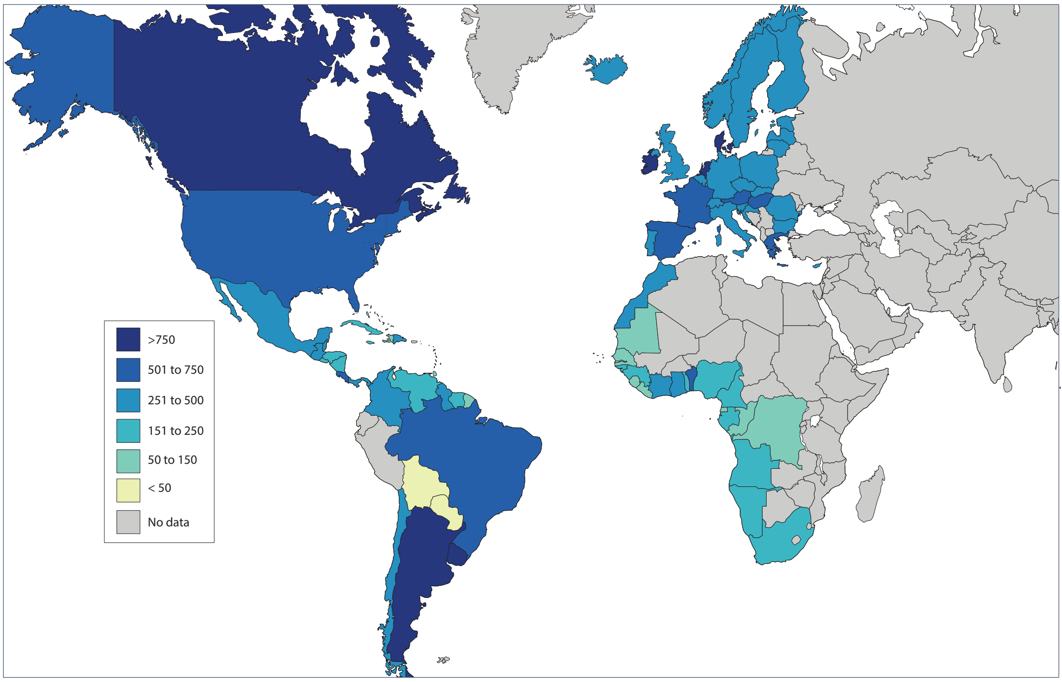
Source: Calculations based on World Development Indicators Database, World Bank

Figure 67: Average value of food production (International $ per capita)

(three-year average)	2006-08	2009-11
African sub-region	158.7	170.1
Latin American & Caribbean sub-region	458.9	471.4
USA & Canada	662.4	669.9
European sub-region	462.9	467.3
Total Atlantic area	**439.8**	**446.4**
World	**290.0**	**302.0**
Standard deviation across Atlantic countries	**229.3**	**229.0**

Source: Calculations based on FAO database

Figure 68: Average value of food production (International $ per capita) – Period average: 2009-11



Source: FAO database

Figure 69: Domestic food price volatility index[7] (three-year average)

(index)	2008-10	2011-13
African sub-region	43.8	43.7
Latin American & Caribbean sub-region	32.2	31.8
European sub-region + Canada[b]	23.0	24.6
Atlantic area average	**31.1**	**31.9**
World average	**37.1**	**37.7**

[b] Data for the domestic food price volatility index for the United States are unavailable in the FAO database.

Source: Aggregation based on FAO Database

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[7] The Domestic Food Price Volatility is a measure of variation of the Domestic Food Price Level Index. It has been computed as the Standard deviation (SD) of the deviations from the trend over the previous five years.

Figure 70: Prevalence of undernourishment in developing countries in the Atlantic area (three-year average in percent)[8]

African sub-region			Latin American & Caribbean sub-region		
	2008-10	2011-13		2008-10	2011-13
Angola	31.4	24.4	Antigua and Barbuda	23.2	13.9
Benin	10.9	6.1	Argentina	<5	<5
Cameroon	15.2	13.3	Bahamas	7.5	5.6
Cape Verde	10.4	9.6	Barbados	<5	<5
Congo	35	33	Belize	7.9	6.4
Côte d'Ivoire	19.5	20.5	Brazil	7.5	6.9
Gabon	6.2	5.6	Chile	<5	<5
The Gambia	12	16	Colombia	12.5	10.6
Ghana	5.8	<5	Costa Rica	<5	8.2
Guinea	15.3	15.2	Cuba	<5	<5
Guinea-Bissau	14.4	10.1	Dominica	<5	<5
Liberia	29.4	28.6	Dominican Republic	16.2	15.6
Mauritania	7.8	7.8	Grenada	23.1	18.7
Morocco	5.3	5	Guatemala	29.5	30.5
Namibia	33.3	29.3	Guyana	8.1	5
Nigeria	6.9	7.3	Haiti	46.7	49.8
São Tomé and Principe	7.6	7.2	Honduras	11.7	8.7
Senegal	15.9	21.6	Jamaica	8.1	8.6
Sierra Leone	33.6	29.4	Mexico	<5	<5
South Africa	<5	<5	Nicaragua	23.1	21.7
Togo	20.5	15.5	Panama	12	8.7
			St. Kitts and Nevis	17.8	10.2
			St. Lucia	12.8	12.2
			St. Vincent and the Grenadines	6	5.5
			Suriname	14.5	10.2
			Trinidad and Tobago	11.1	7.6
			Venezuela	<5	<5

Source: FAO Database

[8] The Prevalence of Undernourishment expresses the probability that a randomly selected individual from the population consumes an amount of calories that is insufficient to cover her/his energy requirement for an active and healthy life.

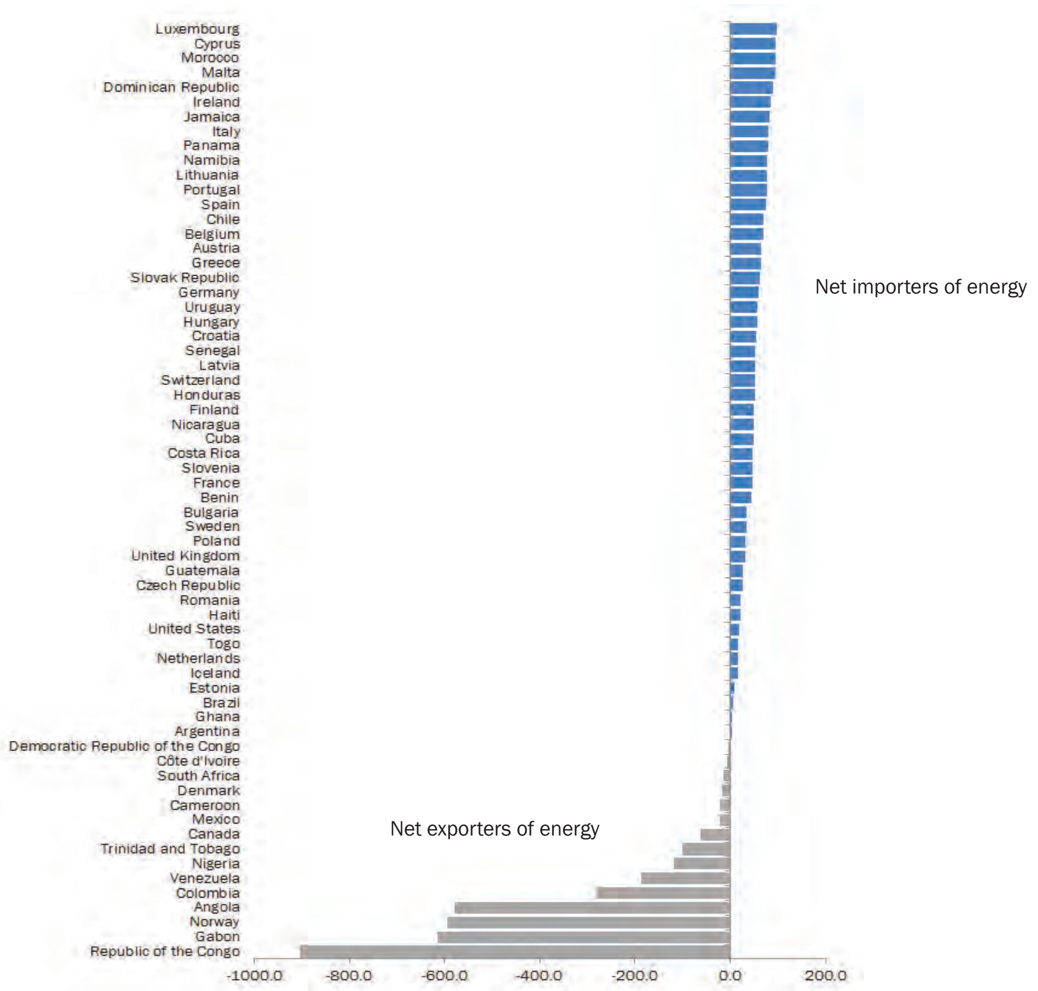
Figure 71: Value of food imports over total merchandise exports (three-year average, in percent)

	2007-09	2010-12
African sub-region	11.6	14.7
Latin American & Caribbean sub-region	7.3	6.6
USA & Canada	5.3	5.6
European sub-region	8.2	8.7
Atlantic area[c]	**7.7**	**8.0**

[c] Countries for which data are unavailable in the WDI database are not included.
Source: Calculations based on World Development Indicators Database, World Bank

14 – Natural resources endowment

Figure 72: Energy imports, net (percent of energy use)



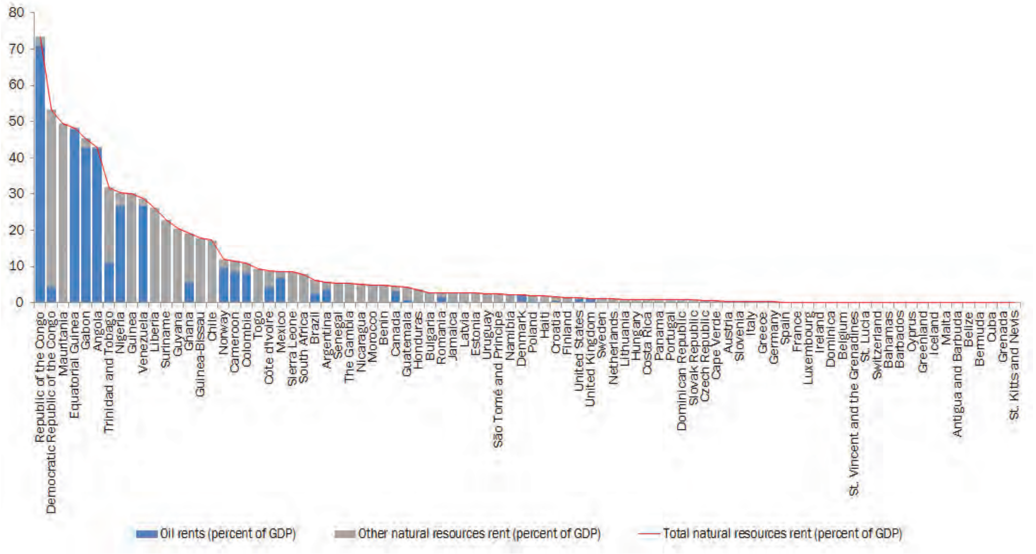
Source: World Development Indicators, World Bank

Figure 73: Energy imports by sub-region, net (percent of energy use, three-year average)

	2006-08	2009-11
African sub-region	-72	-69
Latin American & Caribbean sub-region	-35	-28
USA & Canada	19	13
European sub-region	40	40
Atlantic area[d]	**14**	**11**

[d] Countries for which data are unavailable in the WDI database are not included.
Source: Aggregation based on World Development Indicators Database, World Bank

Figure 74: Natural resources rent by country in the Atlantic area (percent of GDP)[9] - 2012



Source: World Development Indicators Database, World Bank

[9] Total natural resources rents are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents. Oil rents are the difference between the value of crude oil production at world prices and total costs of production.

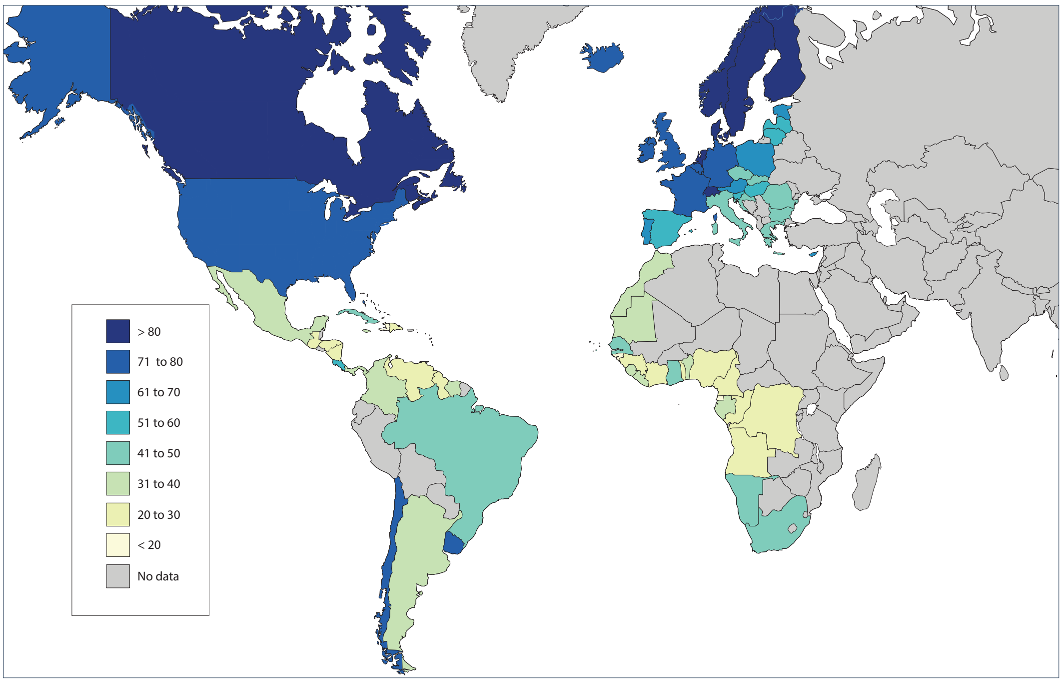
Figure 75: Natural resources rent by sub-region in the Atlantic area (three-year average)

Average by sub-region	Oil rents (percent of GDP)		Total natural resources rents (percent of GDP)	
	2007-09	2010-12	2007-09	2010-12
African sub-region	17.8	16.7	22.5	22.6
Latin American & Caribbean sub-region	3.7	3.6	6.5	6.3
USA & Canada	1.7	1.9	3.9	3.0
European sub-region	0.6	0.5	1.4	1.3
Atlantic area average	**5.4**	**5.1**	**8.8**	**8.8**

Source: Calculations based on World Development Indicators Database, World Bank

15 - Institutional quality

Figure 76: Corruption Perception Index (CPI) - 2013
0 = highly corrupt; 100 = very clean



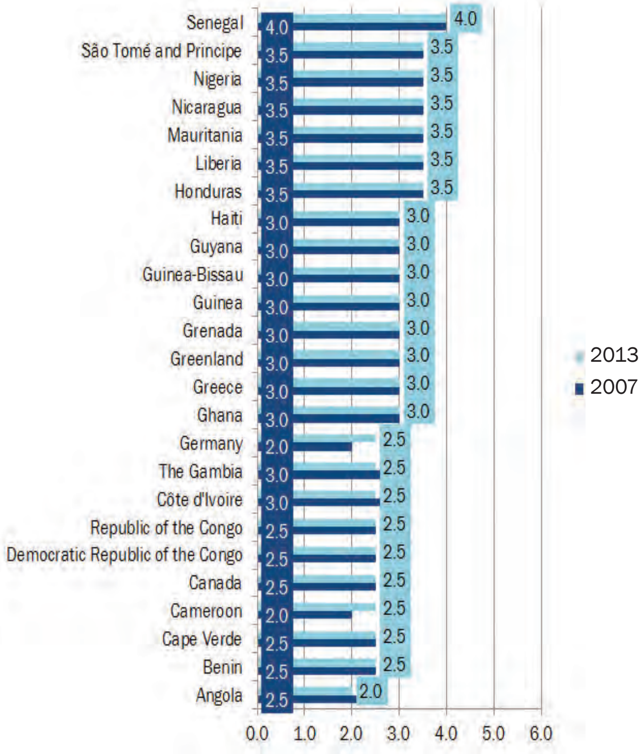
Source: Transparency International

Figure 77: Corruption perception ranking by sub-region (2013)

Country	Rank	Country	Rank
Latin American & Caribbean sub-region		USA & Canada	
Barbados	15	Canada	9
Uruguay	19	United States	19
Bahamas	22	**Average rank**	**14**
Chile	22	European sub-region	
St. Lucia	22	Denmark	1
St. Vincent and the Grenadines	33	Finland	3
Dominica	41	Sweden	3
Costa Rica	49	Norway	5
Cuba	63	Switzerland	7
Brazil	72	Netherlands	8
Jamaica	83	Luxembourg	11
Trinidad and Tobago	83	Germany	12
Colombia	94	Iceland	12
Suriname	94	United Kingdom	14
Panama	102	Belgium	15
Argentina	106	Ireland	21
Mexico	106	France	22
Dominican Republic	123	Austria	26
Guatemala	123	Estonia	28
Nicaragua	127	Cyprus	31
Guyana	136	Portugal	33
Honduras	140	Poland	38
Venezuela	160	Spain	40
Haiti	163	Lithuania	43
Average rank	**83**	Slovenia	43
African sub-region		Malta	45
Cape Verde	41	Hungary	47
Namibia	57	Latvia	49
Ghana	63	Croatia	57
São Tomé and Principe	72	Czech Republic	57
South Africa	72	Slovakia	61
Senegal	77	Italy	69
Liberia	83	Romania	69
Morocco	91	Bulgaria	77
Benin	94	Greece	80
Gabon	106	**Average rank**	**32**
Mauritania	119		
Sierra Leone	119	**Atlantic Area average rank**	**69**

Country	Rank	Country	Rank
Togo	123		
The Gambia	127		
Côte d´Ivoire	136		
Cameroon	144		
Guinea	150		
Angola	153		
Congo Republic	154		
Democratic Republic of the Congo	154		
Equatorial Guinea	163		
Guinea-Bissau	163		
Average rank	**112**		

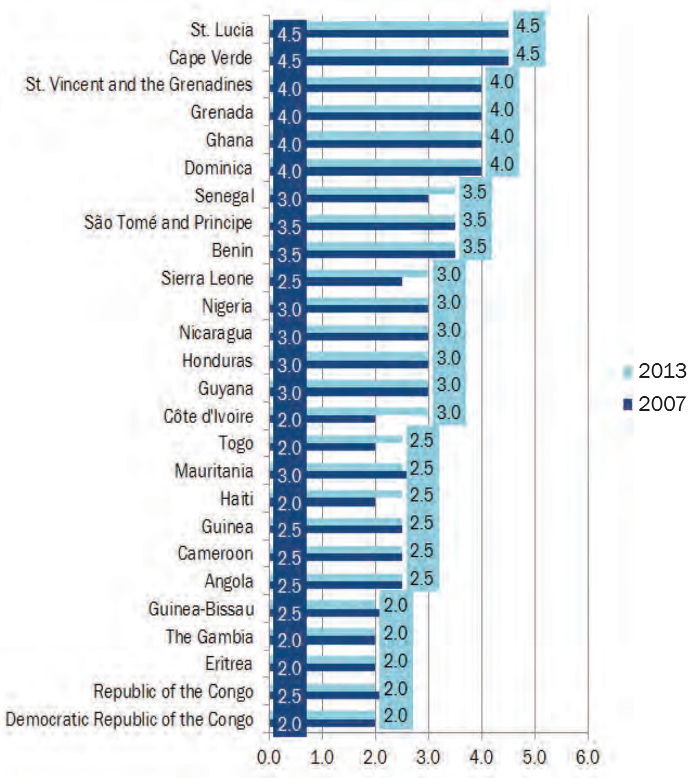
Figure 78: Quality of public administration, transparency, and accountability CPIA[10] quality of public administration rating (1=low to 6=high)



Source: World Development Indicators Database, World Bank

[10] The Country Policy and Institutional Assessment is a project of the World Bank that rates countries against a set of 16 criteria grouped in four clusters: 1) economic management; 2) structural policies; 3) policies for social inclusion and equity; and 4) public sector management and institutions. These two metrics are only available for a limited number of countries.

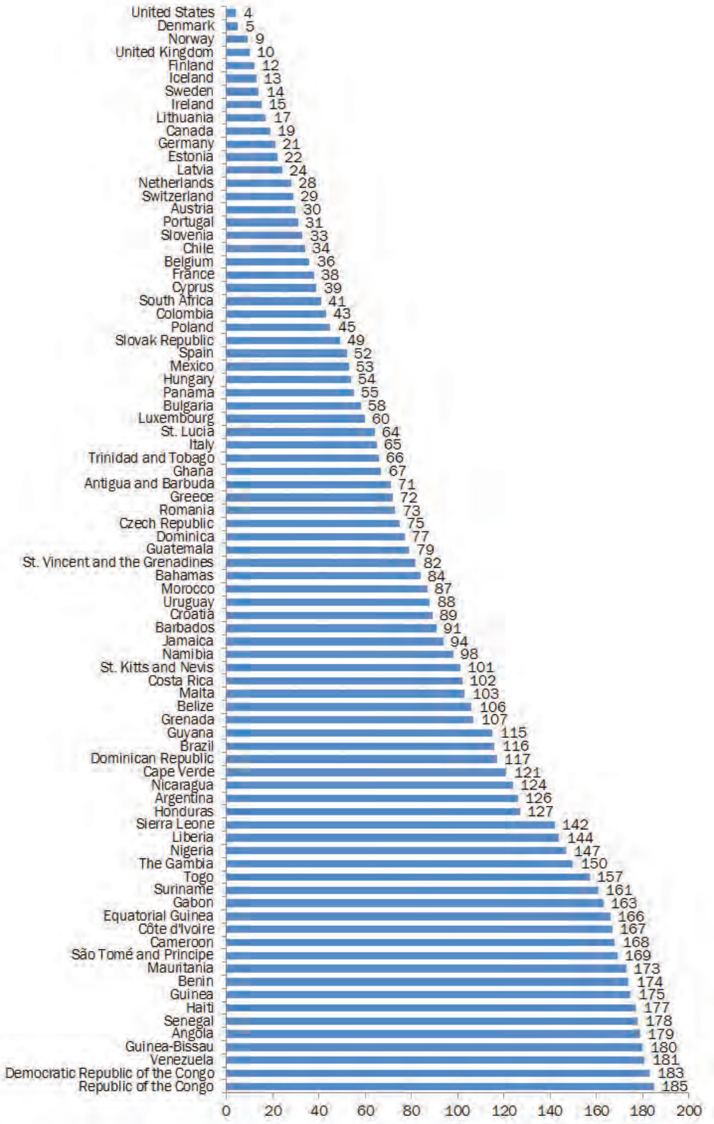
CPIA transparency, accountability, and corruption in the public sector rating (1=low to 6=high)



Source: World Development Indicators Database, World Bank

16 – Investment climate

Figure 79: Atlantic countries ranking according to The Doing Business Project (2013)[11]



Source: World Development Indicators, Doing Business Project – World Bank

[11] Ease of doing business ranks economies from 1 to 189, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation. The index averages the country's percentile rankings on ten topics covered in the World Bank's Doing Business Project. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

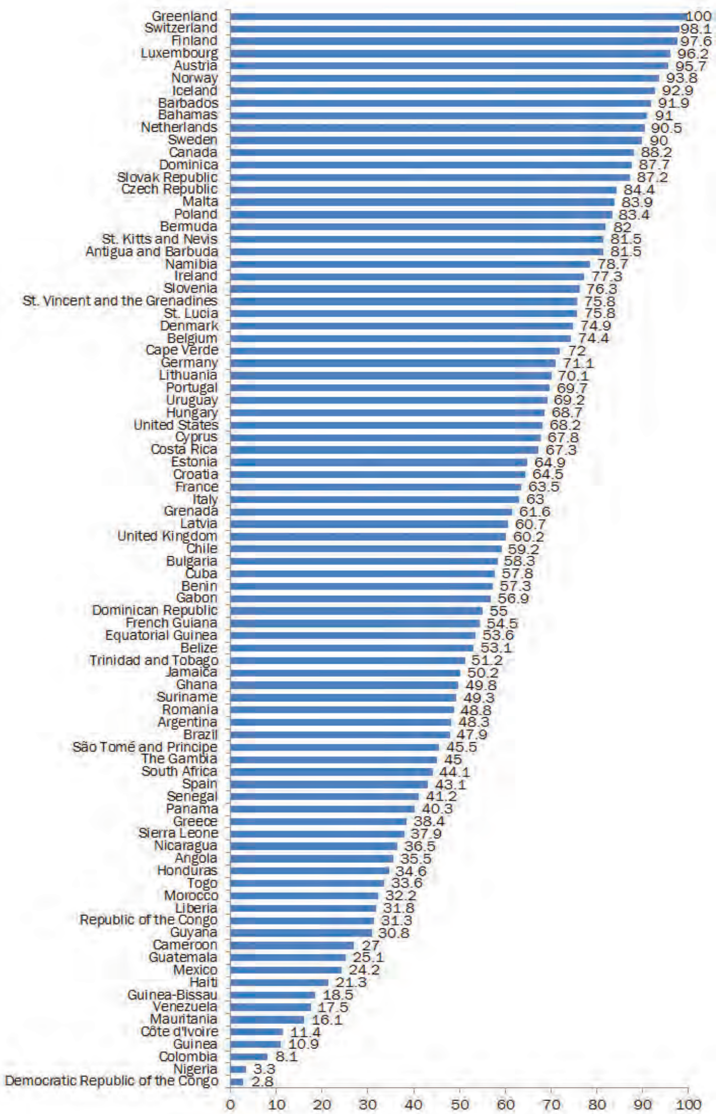
Figure 80: Doing business ranking by sub-region in the Atlantic area

Average rank by sub-region	Rank (2013)
African sub-region	148
Latin American & Caribbean sub-region	98
USA & Canada	12
European sub-region	39
Atlantic area average rank	**88**

Source: Calculations based on World Development Indicators Database data by country, World Bank

17 - Political stability and security

Figure 81: Political stability and absence of violence/terrorism indicator: percentile rank[12]



Source: World Development Indicators, CPIA / World Bank

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[12] Political Stability and Absence of Violence/Terrorism captures perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank. Percentile ranks indicate the percentage of countries worldwide that rank lower than the indicated country, so that higher values indicate better political stability and absence of violence scores.

Figure 82: Military expenditure (percent of central government expenditure)[13]

Country	2007-09	2010-12	Country	2007-09	2010-12
African sub-region			USA & Canada		
Angola	16.5	14.1	Canada	7.2	7.1
Benin	6.9	7.5	United States	18.5	17.9
Cape Verde	2.4	2.4	**USA & Canada average**	**12.8**	**12.5**
Democratic Republic of the Congo	7.3	10.2	European sub-region		
Republic of the Congo	6.7	-	Austria	2.3	2.1
Côte d'Ivoire	10.8	10.2	Belgium	2.8	2.4
Equatorial Guinea	44.5	-	Bulgaria	7.1	5.2
The Gambia	4.4	-	Croatia	5.1	4.7
Ghana	2.4	1.6	Cyprus	3.4	4.9
Liberia	2.7	3.5	Czech Republic	4.1	3.3
Morocco	11.3	10.6	Denmark	3.6	3.3
Namibia	11.7	11.1	Estonia	6.9	5.4
Nigeria	8.5	9.5	Finland	3.7	3.6
Senegal	9.8	9.9	France	5.2	4.7
Sierra Leone	7.6	4.0	Germany	4.5	4.5
South Africa	3.9	3.5	Greece	6.3	4.9
Togo	13.0	11.3	Hungary	2.7	2.1
African sub-region average	**10.0**	**7.8**	Iceland	0.5	0.4
Latin American & Caribbean sub-region			Ireland	1.5	1.2
Belize	5.1	4.3	Italy	4.3	4.1
Brazil	5.7	5.7	Latvia	5.4	3.2
Chile	12.6	10.5	Lithuania	4.2	3.0
Colombia	15.5	13.4	Luxembourg	1.5	1.6
Dominican Republic	4.5	4.5	Malta	1.3	1.5
Guatemala	3.3	3.3	Norway	4.6	4.2
Honduras	4.1	4.7	Portugal	4.8	4.5
Jamaica	2.3	2.5	Romania	4.4	3.6
Nicaragua	3.4	3.7	Slovak Republic	4.5	3.3
Trinidad and Tobago	2.7	-	Slovenia	4.0	3.2
Uruguay	7.2	6.4	Spain	4.3	3.1

[13] The table includes only Atlantic countries for which data are available in the WDI database.

Country	2007-09	2010-12	Country	2007-09	2010-12
Latin American & Caribbean sub-region average	**6.0**	**5.9**	Sweden	4.0	3.8
			Switzerland	4.6	4.3
			United Kingdom	5.8	5.6
			European sub-region average	**4.1**	**3.5**
			Atlantic area average	**6.4**	**5.4**

Source: World Development Indicators Database, World Bank and author's calculations

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