

UACES 43rd Annual Conference

Leeds, 2-4 September 2013

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EU Foreign Policy towards Latin America:
The Case of Democracy Promotion

by

Roberto Domínguez

European University Institute
Global Governance Program

and

Suffolk University
Boston

**Paper to be presented at the
UACES 43rd Annual Conference of the
Academic Association for Contemporary European Studies (UACES)
Leeds, United Kingdom, 2-4 September 2013**

Abstract

While most of the analyses have focused on the interregional relations or on the relationship between the EU and individual Latin American countries, the impact of the EU on Latin American policies has received lesser attention. This paper examines the contributions and impact of the EU to the improvement of democracy in Latin America. Theoretically, the paper discusses three stages for the study of EU norm-diffusion in Latin American countries. The first is the setting for diffusion of norms, the second is the strength of positive and negative conditionality, and the third is the conditions of the norm-takers to embrace the orientation of EU values, to develop a sense of ownership and to enhance the dialogue with the EU. Depending on the sub-region or the country in Latin American, the EU norm-diffusion policies have a diverse impact on the internalization of democratic values, practices of rule of law and human rights. The paper is divided into three sections. After reviewing the analytical framework of diffusion of norms, the paper provides an overview of the EU-Latin American relationship; the third section presents the empirical analysis of three contrasting cases: Mexico, Venezuela and Honduras.

I Introduction

The external relations of the European Union (EU) to Latin America has been studied from different angles (Grabendorff and Seidelmann 2005; Roy and Dominguez, 2007). While most of the publications have focused on the interregional relations or on the relationship between the EU and individual Latin American countries, the impact of the EU on Latin American policies has received lesser attention. The study of the diffusion of EU ideas around the world, including Latin America (Dominguez 2011), has been encouraged by the research project *The Transformative Power of Europe* (Borzel 2010). In this regard, this paper investigates the contributions and impact of the EU to the improvement of democracy in Latin America. Theoretically, the paper discusses three stages for the study of EU norm-diffusion in Latin American countries. The first is the setting for diffusion of norms, the second is the strength of positive and negative conditionality, and the third is the conditions of the norm-takers to embrace the orientation of EU values, to develop a sense of ownership and to enhance the dialogue with the EU. Unlike the Central and Eastern European countries where the prospects of membership constituted powerful incentives for internalizing EU norms, the transformative power of the EU in Latin America and Asia is more limited than in the immediate neighborhood. Nonetheless, depending on the sub-region or the country in Latin American, the EU norm-diffusion policies have a diverse impact on the internalization of democratic values, practices of rule of law and human rights. The paper is divided into three sections. After reviewing the analytical framework of diffusion of norms, the paper provides an overview of the EU-Latin American relationship; the third section presents the empirical analysis of three contrasting cases: The first reveals a successful case of cooperation whereby the EU was able to engage in the democratization process in Mexico; the second case illustrates an opposite case in which Venezuela chose to question free market policies and to concentrate power in the executive branch of government, leading to confrontations with the EU and hence affecting the EU leverage to stimulate democracy in the Andean nation; Honduras is the third case and shows how a derailing event of the Honduran democracy produced negative incentives from the international community and the EU as well, resulting in a domestic negotiation to restore stability in the Central American country. In this regard, the rationale of selecting these three cases is based on the different outcomes that the EU policies produced as a source of norm diffusion.

2 Analytical Framework: The EU as a Source of Diffusion of Norms

The academic debates on democracy promotion have been heavily influenced by the leading role of the United States and the EU since the early 1990s. However, both actors have displayed different instruments and showed dissimilar readiness to promote values. On one hand, the United States has been a pivotal actor in democratization processes worldwide because it has been ready to deploy an arsenal of incentives, including military aid, since the fall of the Berlin Wall. On the other, the EU has also promoted Western values by developing institutions and policies substantiated by the logic of the

civilian power (Börzel and Risse 2007: 28), but offering unappealing incentives to countries beyond cases of EU membership.

The role of the EU as a source of diffusion of norms, particularly in the cases of the EU enlargements, has stimulated a scholarly debate centered on the EU motivations and on the effects on the norm-recipient countries. Tafel (2008) groups three main trends in the literature focusing on the EU motivations: ideational-constructivist, material-instrumental, and constitutional. The first strand emphasizes the EU's normative impulse in its cultural and social environment as a community of democratic states, in which the union conceives its identity as an international actor (Manners 2002). The second approach locates the EU's drive in the promotion of norms as a function of self-interest calculations based on perceived cost and benefits of political actions (Hyde-Price 2006). The third deliberates the inter-institutional bases of the EU policy-making process, which explains the rationale of the EU as an external actor in the area of democratic governance and protection of human rights (Smith 2003).

With regard to the effects on recipient countries, the analysis of the external relevance of the EU has continued to flourish by focusing on the policies and the resources created to benefit Central and Eastern Europe, the immediate neighborhood and the ACP countries as well as more recently on the impact on Asia and Latin America. The power projection of the EU norms indicates a formula: as geographical distance increases and the incentives fade away, the influence of the EU decreases.

From the perspective of the diffusion of norms, the analysis of EU democracy promotion policies in Latin America remains understudied. The EU role as a civilian power is not only limited due to geopolitical distance and limited economic influence, but also by the presence of the United States and domestic transformations within the Latin American countries. In order to evaluate the EU instruments to promote democracy in Latin America and based on the extensive literature on norm-diffusion (Barry and Barry, 1999; Risse, Ropp and Sikkink 1999; Glatz 2007; Kelly 2004), this paper evaluates three elements of the EU policies towards Latin America: a) the setting for norm-diffusion (linkages and diffusers coordination), b) the strength of conditionality (negative and positive), and c) the mechanisms of appropriateness (orientation, ownership and dialogue).

2.1 Setting for norm diffusion

Two elements are the pillars to elucidate the setting for the diffusion of norms. The first component is the linkage between the norm-maker and the norm-taker. The concept of linkage, defined as "the density of ties to the European Union, the United States, and Western-dominated multilateral institutions" (Levitsky and Way 2005a: 520), has added a new variable to the analysis of diffusion of norms. The assumption is that deep linkages with the EU will eventually contribute to shape the preferences of external actors and will reinforce the role of the EU as soft power. Lewinsky and Way (2005b) have identified five dimensions of linkages: a) economic ties, b) geopolitical ties, c) social linkage, d) communication linkage and e) transnational civil society ties. While scholars have

worked with these dimensions, there has been an emphasis on trade and on the assumption that the intensity of linkages increases with geographical proximity (Schimmelfennig and Scholtz 2007a: 17).

The second component is the leverage that is “defined as governments’ vulnerability to external democratizing pressure” (Levitsky and Way 2005a: 520). This leverage is affected by at least three factors. The first is states’ raw size as well as their military and economic strength. In the case of Latin America, the vulnerability of Panama or Haiti contrast to the military strength and size of Brazil or Venezuela. The second factor is the competing or complementary agendas of Western powers to Latin America. The United States and the European Union have developed two different approaches towards the diffusion of norms, which eventually clash and erode the effective promotion of norms. Cuba epitomizes the competing views between the long-standing embargo strategy of the United States and the cautious engagement of the European Union. In other case studies, both agendas may not necessarily coincide, but they can complement each other to achieve better results, such as aid policies to Haiti or Colombia. Finally, the third element is when governments have access to political, economic, or military support from an alternative regional power. There is a recent trend of growing influence of China’s investment in Latin America as an alternative to the European or US leverage; in the case of Venezuela, the military ties with Russia have rapidly grown in the past decade.

2.2 Conditionality

The transformational power of the EU in Central and Eastern Europe was based on the clout of conditionality. Material benefits for the norm-takers in the form of assistance and institutional inclusion alters the potential of the EU’s ability to be an effective norm-maker (Bjorkdahl 2005). The literature on norm diffusion indicates that without the incentive of potential membership, EU’s influence over other countries’ domestic political developments is likely to be minimal (Tafel 2008: 2-4). Thus, the promise of rewards and the leverage to obtain democratic outcomes declines with non-candidate countries. For those countries in the European neighborhood policy, the impact of EU democracy promotion has been severely weakened, thus, “the highest size of incentives lies in the promise of membership and decreases in the associations and partnership agreements” (Schimmelfennig and Scholtz 2007b: 15).

The lack of prospects of membership does not equate to the assumption that conditionality does not exist in the relation of the EU with Latin America. While positive incentives offered by the EU to a state in process of democratization can include institutional membership, association status, trade benefits, technical assistance, and other types of aid, negatives incentives may also be an effective instrument to exert leverage (McDonagh 2008: 144). For instance, the EU used negative incentives, comprising of economic sanctions, when President Manuel Zelaya was ousted in July 2009 by suspending all aid programs to Honduras. In the case of Latin America, the incentive of membership is not on the table of negotiation as a positive incentive. However, the

negotiation and conclusion of association agreements with Mexico and Chile have constituted positive incentives to reinforce the democratic practices in both countries.

2.3 Appropriateness

The setting for diffusion of norms and conditionality are not enough to explain the effectiveness of EU democracy and human rights promotion policies. The recipient country or norm-taker is not a passive actor. Indeed, the norm-taker country is often times the ultimate actor that determines whether or not to adopt or intensify Western-style standards of democracy and human rights. Jonasson (2009) argues that democracy promotion should be country sensitive, inclusive and cooperative between the donor and the recipient state, following the logic of appropriateness proposed by Kelley (2009). In light of this reasoning, Jonasson asserts that in order to develop policies with effective and lasting result, policies should encourage a) the positive orientation of the norm taker, b) the active participation of beneficiaries through domestic ownership of projects, and c) the development of a close dialogue between donors and recipients (Jonasson 2009).

The first element is orientation, which is the prospect of successful democracy promotion if the recipient partners are oriented towards democracy promotion policies. The external normative influence can be “met with the adoption of the new norms, localization of the new norms to the local pre-existing context, resistance and also rejection” (Björkdahl 2005: 274). For example, Cuba embraces an orientation of democracy and norms that contradicts the policies of the EU. Similarly, in the past decade Venezuela has revisited the fundamentals of democracy and implemented policies that produced acrimony in its relations with Western countries. On the other hand, Mexico and Chile were able to negotiate association agreements once they had moved forward in the process of democratization.

The second element of the analysis is domestic ownership of the process, which means the involvement of recipients of different kinds (NGO's, local government, state) in the “development of the democracy promotion policies and their implementation” (Jonasson 2005: 10). The assumption is that the greater the role of recipient actors in the process, the greater the sense of ownership and the greater the prospects of long lasting effect of democratic practices. Consequently, the EU has gradually offered grants through different programs to NGOs and local governments to promote human rights and democracy in Latin America. The third and final is dialogue. This is essential to grease the engine of diffusion of values. The argument here is that the needs and priorities of norm takers evolve over time and it is only through dialogue that the policies can be revisited (Jonasson 2005: 10). In the relationship between the EU and Latin America, the dialogues at the regional level have been in place for more than a decade, while at the country and civil society level it is more developed with Mexico, Chile and Brazil in comparison to say, Cuba, Venezuela or Honduras.

3 Overview of the EU External Relations towards Latin America

In order to explain the contributions of the EU to democracy and stability in Latin America, it is pertinent to present the overview of the EU relationship towards Latin America, which operates at three different levels. The first is the region-to-region level of interaction, which bi-annually summons more than 60 heads of state and government of both regions since 1999. The second level of the relationship is between the EU and sub-regions in Latin America. Here both parties are able to narrow down their interests and reach relevant mechanism of cooperation such as association agreements. The third level, between the EU and individual countries, has proved to be quite dynamic with the conclusion and implementation of tangible benefits such as the association agreements with Mexico and Chile, or the strategic partnerships with Brazil and Mexico. The table below shows the most relevant Latin American trade partners of the EU.

Table 1 about here

The region-to-region dialogue between the European Union and Latin America was institutionalized in 1999, when the first bi-regional summit took place in Rio de Janeiro (Domínguez and Roy 2005). Since then, six bi-regional meetings have been held and all the meetings have emphasized the bilateral agenda. The second summit, held in Madrid in 2002, set the main areas of cooperation in the bilateral agenda and the third, held in Guadalajara in 2004, brought about a sense of confidence in light of the recognition of social cohesion as the top priority in the summit agenda. Unfortunately, the prospects of the social cohesion as the driving force of the bilateral relationship vanished in fourth meeting in Vienna in 2006 due to the EU enlargement fatigue, the difficulties to ratify the Constitutional Treaty and the rising skepticism of the free market by several left leaning incoming governments in Latin America.

The context for the 2008 Summit in Lima was not conducive to reaching better results than the 2006 Vienna Summit. The international economy was affected by the international economic crisis. While Europe was still focusing on the institutional reform of the Lisbon Treaty, the energy crisis and the reconfiguration of the Balkans, the Andean area faced two crises: one diplomatic and border dispute between Colombia and Ecuador-Venezuela, and the lack of consensus on a common position of the Andean Community of Nations in the negotiations of an association agreement with the EU. The Madrid Summit in May 2010 offered an important stimulus for the bi-regional relationship: the Mechanism of Investment of Latin America and EU-Latin America Foundation were created, while the negotiations of the association agreement with Central America were close to be finalized (European Commission 2010).

The relationship with Latin American sub-regions has been one of the preferred strategies of the European Union. For decades, the EU found in sub-regional processes of integration the replication of its own model. Over time, however, exporting the EU model produced limited results due to the obstacles the members of the Andean Community or the Central American process faced to pool sovereignty in community or supranational institutions. Thus, the balance in the case of the EU-sub-regions relationship is mixed while negotiations with MERCOSUR have been stalled for a few years and the Andean

Community (AC) remains divided, Central America is the exception as a result of the conclusion of an Association Agreement with the EU.

As a region, MERCOSUR ranks 8th among EU's trading partners, accounting for 2.7 per cent of total trade in 2009. Negotiations for an inter-regional agreement between both parties were launched in 1999, but were suspended in October 2004. While both parties decided to resume negotiations in May 2010, the progress remains limited (European Commission 2011). Negotiations between the AC and the EU have been quite unusual because what started as a region-to-region association agreement turned out into a region-to-country free trade agreement. The EU-ACN negotiations were launched in June 2007, and four rounds took place (European Commission 2008). In 2008 Bolivia distanced itself from other ACN members in four sensitive issues, namely services, investment, intellectual property and public procurement. Ecuador, later supported by Bolivia, opposed the proposal of an ACN position on the paper on trade and sustainable development. Such internal disagreement in the ACN led negotiators to water down the association agreement, and instead they suggested a free trade agreement Colombia and Peru. Unlike MERCOSUR and the AC, Central America and the EU started negotiations in 2007. While both parties made some progress in seven rounds of negotiation, they decided to postpone the eighth round due to the political instability in Honduras in 2009. Fortunately, the EU and Central America resumed and concluded negotiations for an Association Agreement in May 2010, during the EU-LAC Madrid Summit. The text was initiated in Brussels in March 2011.

Brazil, Mexico and Chile are the main three partners of the EU in Latin America. While Brazil has been negotiating as MERCOSUR member an association agreement with the EU for more than a decade, Mexico was the first Latin American country to reach an association agreement followed by Chile. Why were Mexico and Chile the first countries to sign these agreements? On a number of criteria ranging from the size of their economies to the nature of their political evolution, there are outstanding differences between Mexico and Chile. Nonetheless, both countries have undergone a simultaneous and gradual process of a) erosion of political authoritarianism, b) implementation of free market policies since the mid-1980s and c) conclusion of free trade agreements with the United States.

4 Case Studies: Mexico, Venezuela and Honduras

The previous sections have argued that whereas the region-to-region dialogue serves as a background of the EU-Latin American relationship, the substantial policy interaction between both parties takes place in the EU-individual countries relationship. This section compares how the EU contributes to strengthening democracy in three countries based upon the premises of setting for diffusion of norms, conditionality, and appropriateness, as explained in the analytical framework of this chapter. The main assumption is that the etiology of democratization in Latin America is the result of domestic processes; nonetheless, external actors may either contribute or delay the democratization processes. Before proceeding to the analysis of the three cases, the table below presents the evolution of five indicators inherent to the concept of full-fledged democracy: rule of law, control of corruption, government effectiveness, political rights and civil liberties.

Table 2 about here

4.1 Mexico

Despite Mexico not being considered an electoral democracy until 2000 by Freedom House, the electoral system had undergone several reforms and the authoritarian rule had gradually ceded power to a more organized opposition. In 2008, freedom scores considered Mexico as a “Free State” while the global governance scores of the World Bank indicate that in the area of rule of law and corruption Mexico has slightly decreased its rank, while it has increased or maintained stability in the areas of government effectiveness between 1996 and 2008 (Kaufmann, Kraay and Mastruzzi, 2009). (See table 2)

Since 2000, several reforms were implemented under the Fox administration, notably among them, the Law on the Reform of the Civil Service and the Law on Transparency. Likewise, the Fox Administration pursued a more active policy towards better protection of human rights with the Senate adding 26 supplementary legal instruments, the creation of the Special Prosecutor’s Office for Crimes of the Past, and the Inter-Secretarial Commission on Government Policies in the area of Human Rights. Nonetheless, the illiberal features of the Mexican democracy have survived the political change and enormous challenges need to be overcome. Mexico currently faces skyrocketing numbers of violence associated with drug-trafficking organizations, resulting in the deaths of at least 50,000 people under the administration of President Felipe Calderon (2006-2012). Thus, Presidential authority over the armed forces is extensive, but the military has historically operated beyond public scrutiny, and human rights advocates, including the National Human Rights Commission, have warned that its strengthened counternarcotics role has not been accompanied by increased clarity regarding limitations on its conduct.

The Mexican transition has been explained as greatly motivated by domestic variables. Similar to other Latin American countries, there was a rejection toward the foreign intervention in domestic affairs. Nonetheless, during the 1990s Mexico experienced dramatic changes in the acceptance of external influences in the democratization process. First, the electoral process made the country more politically plural in terms of political parties sharing the legislative and the governorships. Second, the economic opening of Mexico crystallized in the North American Free Trade Agreement (NAFTA). Both events increased the pressure for political opening.

Against this background, a significant incentive for the incipient Mexican democratization was the negotiation of the *Agreement on Economic Partnership, Political Coordination and Cooperation*, which came into force in 2000 and was the first agreement of this type between the EU and a Latin American country. There was indeed an economic driving force in the association agreement, but it was limited because the external trade of Mexico has been dominated by relations with the United States and the EU represented only from 6.5 per cent in 1999 of the Mexican exports. Hence, in addition

to the mutual economic interests, the negotiation was protracted initially due to Mexico's reluctance to include the democracy clause. Eventually the Mexican government quickly realized it had no alternative choices, but to accept the democracy clause, which in turn concluded the negotiation process and the agreement came into force in 2000 (Dominguez 2008: 170-5). Another EU action to promote transparency and democracy in Mexico was providing European funding for NGOs to monitor elections. In the context of the negotiation of the association agreement, Mexico was initially reluctant to allow such funding to NGOs, but finally ceded to the EU pressure and over time the monitoring of electoral processes and funding to NGOs has become a routine political practice. After a period of competing views about the ways to enhance democracy, Mexico's goals developed to coincide with the European values and eased the way for the association agreement.

As for concrete areas of cooperation, the EU earmarked €5 million for Mexico for the period 2007-2013, focusing on three sectors: a) Social cohesion and support to related policy dialogues; b) Sustainable Economy, and c) Competitiveness. In each one of these areas, regular policy dialogues were envisaged as innovative instruments that allow bilateral assessment and reprioritization of significant programs (European Commission 2007a: 1-3). Cooperation in the human rights sector has substantially increased since the European Initiative for Democracy and Human Rights (EIDHR) included Mexico as one of three priority countries in Latin America in 2002. With the active participation of the Mexican government, in the framework of the EIDHR, the EC Delegation has been responsible for 19 projects in Mexico for a total of approximately €3.2 million. The Commission has also negotiated two targeted projects with the UN Office of the High Commissioner for Human Rights (OHCHR) with a total EU contribution of €1.4 million.

The association agreement has also developed mechanisms of dialogue to include NGOs and civil society, igniting a sense of ownership of the EU projects in Mexico. In the case of civil society, a bi-annual meeting of Mexican and European civil society organizations was established. While civil society organizations are not endowed with any decision making power in the context of the bilateral relationship, they have contributed to raise the awareness on the efficient use of European cooperation resources to promote democracy and human rights. Nonetheless, NGOs have co-financed projects in Mexico for €4.5 million in seven projects related to the social, cultural and economic situation of the country.

4.2 Venezuela

The deteriorating quality of democracy has been a trend in Venezuela since the late 1990s. Freedom House has ranked Venezuela as an electoral democracy. Nonetheless, due to politically motivated disqualification of opposition candidates and the abuse of state resources by incumbent politicians during state and local elections in 2008, Freedom House downgraded it to non-electoral democracy (Freedom House 2009). Likewise, Venezuela's status on freedom was Free until 1999, which has been since changed to "Partially Free." The World Bank indicates that in the area of rule of law, corruption and

government effectiveness, Venezuela's rank has been steadily dropping (Kaufmann, Kraay and Mastruzzi, 2009). (See table 2)

When President Hugo Chávez was elected in 1999, the expectations of change were high and to some extent he has addressed them by pursuing policies aimed at ameliorating poverty and social exclusion, particularly through programs known as *Missions*. The main problem associated with the consolidation of democracy in Venezuela has been the polarization stimulated by the government and the erosion of the pillars of the democratic structures such as division of power, accountability and freedom of expression, *inter alia*. The use of laws to undermine the opposition has been a common strategy of the two consecutive Chavez administrations since 1999. In March 2005, for instance, the amendments to the Criminal Code came into force extending the scope of Venezuela's disrespect laws, which criminalizes expressions deemed to insult public officials or state institutions, and increase penalties for criminal defamation and libel. Likewise, the 2004 Law on Social Responsibility of Radio and Television gives the government the authority to control the content of radio and television programs and limit the use of airwaves by opposition stations by revoking their licenses.

President Chávez has pressed ahead with further centralization and attacks on the opposition. In the increasing milieu of polarization, in February 2009, President Chavez won a referendum on changing the constitution to remove the cap on the number of terms that an elected official may serve. Following the amendment of decentralization law and commandeering by central government of ports and airports controlled by local authorities, in April 2009 the National Assembly passed a law establishing a "head of government" for the capital district of Caracas, which undermines the role of the popular opposition leader and mayor of the city. Thus, most of the budget, authority and assets accessible to the opposition mayor, Antonio Ledesma, are now redirected to the city's unelected head, a post selected by Mr. Chavez.

In light of the deterioration of democracy in Venezuela, the role of the European Union has been quite limited. The United States is the main trade partner of Venezuela (35 per cent), followed by the European Union, which represents only 8.9 per cent of Venezuela's total trade. From nationalizations to diplomatic incidents, the United States has been unable to produce any change in the government or deter the weakening of the democratic structures in Venezuela. Actually, the United States has been accused of indirectly sponsoring the failed coup d'état in 2002. The leverage of the United States and the European Union is also undermined by the alternative alliances Venezuela has been forging with Iran, China, and Russia and the abundant oil resources Venezuela currently sits on. For instance, Venezuela and Cuba have reportedly offered Russia the use of air bases, which would allow Russia to step up the operations of its bombers around US airspace (Economist Intelligence Unit 2009). With regard to the oil sector, it represents about 30 per cent of the GDP and 80 per cent of exports, making Venezuelan economy vulnerable to oil price fluctuations. In the absence of any association agreement with the EU, the incentives the EU can put forth for negotiations with Venezuela are limited.

The course of the reforms in Venezuela is to some extent opposed to the type of policies the United States and the European Union embrace. Venezuela opposed the Free Trade Area of the Americas, and together with Cuba, has proposed the Bolivarian Alternative for Latin America and the Caribbean. As a testimony to the opposing views of the EU and Venezuela, the President of the European Commission, José Manuel Barroso, warned that European businesses have found some obstacles in Latin America: lack of predictability of the economic setting, market access difficulties (trade and on-trade barriers), political instability, excessive red tape, customs problems, insufficient regional infrastructures, corruption and so forth. He added:

On top of these obstacles, there is a worrisome new one: the tendency to understand European investment under a negative light.... Make no mistake, whether this political attitude prospers, European businesses will not be harmed as a consequence because there are abundant investment opportunities in other regions, and the victims will be poor people in Latin America” (Barroso 2006).

Despite the limited leverage of the EU, the Union has reacted in several occasions in light of the deterioration of democracy in Venezuela. The use of EU declarations to condemn or support significant events in Venezuelan politics has been used often times. For instance, the EU issued declarations conveying its concern in the case of the non-renewal of the broadcasting license of Radio Caracas in May 2007, or supporting the December 2007 referendum by asserting that the voting took place in a transparent manner. Nonetheless, in the case of monitoring elections there have been disagreements. In 2004, for instance, the rules set up by the government-friendly National Electoral Council (CNE) collided with the Code of Conduct of the International Institute for Democratic and Electoral Assistance; in reaction to this, the European Union refrained from sending a mission stating that “it has not been possible to secure with the Venezuelan electoral authority the conditions to carry out observation in line with the Union’s standard methodology” (Brehuer 2007: 560).

Concerning EU assistance to Venezuela, the 2001-2006 Country Strategy Paper mentioned human rights and democracy promotion, but two main partnership areas were targeted: first, prevention and reconstruction (due to the floods in 1999), and second, trade diversification (fisheries) with a provision of €38.5 million. On the other hand, in the 2007-2013 Country Strategy Paper, the EU has identified two specific sectors for cooperation: a) support to the modernization and decentralization of the Venezuelan state and b) assistance aimed at diversifying the country’s economy. The amount allocated for this period was €40 million. With regard to the areas of human rights and democracy, some new programs have been gradually developed to include more NGOs and local governments (European Commission 2007b: 1-4). In 2005, the European Instrument for Democracy and Human Rights (EIDHR) included Venezuela in the list of focus countries, eligible therefore for the implementation not only of regional projects, but also national ones. Under this instrument, Venezuelan civil society has been able to receive support in two specific areas, namely, campaigns to foster culture of human rights and efforts to advance equality, tolerance and peace. Thus, the EU has sponsored 7 projects with local NGOs in Venezuela related to human rights and democracy promotion. On the

other hand with the aim of promoting democracy, in 2002 the EU Commission approved a project to assist the OAS in its efforts to implement the agreement reached between the OAS, the Venezuelan government and the opposition after social unrest early that year.

4.3 Honduras

Since democratic life was restored in 1980, Honduras has undergone a gradual institutional transition, moving from an authoritarian military regime to a pluralistic democracy. Ever since, consecutive electoral contests have been held regularly, with power alternating peacefully between the two main traditional parties. Honduras has signed and ratified almost all the international and inter-American conventions on human rights, although their actual implementation remains uneven. Freedom House has evaluated Honduras as electoral democracy for more than two decades and in the freedom scores Honduras' status was classified as "Partially Free" in 2008 (Freedom House 2009). This positive trend meets the World Bank governance scores where while in the area of rule of law the score has slightly decreased, in the sectors of government effectiveness and control of corruption it has improved in the period 1996-2008 (Kaufmann, Kraay and Mastruzzi, 2009). (See table 2)

While elections are marred by sporadic violence and vote-counting problems, they are considered free and fair by international observers. The main problem lies in the lack of implementation of laws and the discretionary use of power. Official corruption continues to cast a shadow over the political scene and progress such as 2006 passage of a transparency law are mired by flaws in the legal design. Thus, while authorities generally respect the constitution's press freedom guarantees, lack of access to public officials and information is a significant obstacle for reporters. Constitutional guarantees on the freedoms of assembly and association are generally observed the 2006 Citizen Participation Law protects the role of civil society groups and individuals in the democratic process. The judicial system is weak and inefficient and accused of high levels of politicization. About 79 percent of inmates are awaiting trial, and the prison system is notoriously overcrowded. While the murder rate dropped from 154 per 100,000 inhabitants in 1999 to 49.9 per 100,000 in 2007, it is still among the highest in the region. The UN Office on Drugs and Crime estimates that there are 36,000 gang members in Honduras (Freedom House 2011).

After the United States and Central American countries, the EU is Honduras's third trade partner, while the Honduran trade is minor for the EU, save a few sensitive products (e.g. bananas). In recent times, particularly during the tenure of the deposed president Manuel Zelaya, Venezuela increased its influence on Honduran domestic politics, lessening the leverage of the United States with whom Honduras has a free trade agreement. Against this background, following the orders of the Supreme Court and the Honduran Parliament, the military deposed President Zelaya in July 2009. While the international community reacted unanimously for reinstating President Zelaya, the EU was one of the first political entities, even before the United States, to use negative conditionality against the *de facto* government. The European Union suspended financial aid to Honduras worth €65.5 million after the failure of talks aimed at reinstating Manuel

Zelaya as president in late July 2009 (Vogley 2009). A byproduct of the events in Honduras resulted in a temporary postponement of the negotiations for an EU-Central America Association Agreement, which was already in the 8th round of negotiations. After holding elections in 2010, the EU normalized relations with Honduras.

The strategy of the EU towards Honduras has underscored the relative stability of this Central American country as a “window of opportunity,” whereby the “leverage offered by EU cooperation should support this new development momentum, in order to make it more conducive to actually reducing poverty” (European Commission 2007c: 4). Consequently, the European Commission provided funds for three specific areas between 2002 and 2006: a) sustainable management of natural resources (45 per cent), b) local development and decentralization (26 per cent), and c) education (21 per cent). For the period 2007-2013, the Country Strategy Paper for 2007-2013 emphasized the urgent need to improve justice and public security and law enforcement (human rights), and allocated €23 million in funding for: a) social cohesion (50 per cent), b) management of forestry resources (30 per cent), and c) improving the legal system and public safety (20 per cent) (European Commission 2007c: 2-4).

Despite the recent setbacks in the Honduran democracy, the positive trend of democratization has been conducive to orient Honduras in the same direction of the European values and cooperation. At the same time, the EU has reiterated the need of working in coordination with other donors, providing gradual empowerment to national authorities dealing with cooperation, and transferring responsibilities from European Commission in Brussels to the EC regional Delegation in Nicaragua, which covers Honduras, with a view to bring the level of operational decision-making closer to the actual needs and beneficiaries.

5 Final Considerations

The solid and enduring democratization processes around the world are rooted in domestic transformations. The pressure or lack of interest of external powers may catalyze or delay the pace of democratization. While the EU was a decisive element in the democratization of the central and eastern candidate members in the past two decades, the power of the EU as influential power wanes out where the promise of membership is not on the table and the conditionality as a foreign policy instrument does not exist. This chapter has explored three groups of variables to explain the scope of EU’s norm diffusion in Latin America.

The first is the setting for norm diffusion. In regions such as Latin America, where the main problem is improving the quality of democracy, the diffusion of norms is constrained due to the limited EU linkages with the region in comparison to other dominant countries in the region. Nonetheless, the EU diffusion of norms can exponentially grow if there is coordination of policies with dominant regional actors such as the United States or the Organization of American States. Likewise, the EU’s policies can be affected if other regional or extra-regional actors display policies that entail a

different perspective of values such as the case of Venezuela in Honduras or Russia and Iran in Venezuela.

The second element of the analysis is positive and negative conditionality. While its transformational effect is not as powerful as the incentive of membership, in the case of Mexico, the prospects of reaching an association agreement with the EU was an incentive for the Mexican government to accept the democracy clause, the EU funding to NGOs to monitor elections and more recently EU monitoring missions themselves. In the case of Honduras, where the extreme event of ousting a President occurred, the use of negative conditionality by suspending the EU aid to that country contributed to bring the parties in conflict to the table of negotiations.

The third crucial element is the appropriateness of the norm-takers of the Western values. The initial domestic agreement in Latin American countries to adopt policies to improve the quality of democracy and the respect of human rights is pivotal for the success of EU's policies. Mexico reoriented its approach with regard to the transparency of external monitoring on elections, while Venezuela has actually revisited its concept of democracy and enacted policies that clash in some areas with the EU values and principles. The appropriateness can be also enhanced in those cases where the EU promotes the participation of local groups in the implementation of projects and maintains a permanent dialogue with the recipients of aid in order to adapt it to the priority needs in the field. In this regard, the analysis of the EU strategies in the three countries reflects the fact that priorities and strategies differ from case to case depending on the specific needs of the country.

Unlike the Central and Eastern European countries where the prospects of membership were strong for internalizing EU norms, the transformative power of the EU is limited in Latin America. Nonetheless, this does not preclude the EU to act in order to help improving the quality of democracy in the area by offering settings and resources conducive to the internalization of democratic values and practices of rule of law and human rights.

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Table 1
EU's Main Trade Partners in Latin American Partners (2010)

Imports from		Exports to		Major Trade Partners	
Country	100%	Country	100%	Country	100%
1. China	18.9%	1. United States	18.0%	1. United States	14.5%
2. United States	11.4%	2. China	8.4%	2. China	13.9%
3. Russia	10.4%	3. Switzerland	7.8%	3. Russia	8.5%
10. Brazil	2.2%	9. Brazil	2.3%	10. Brazil	2.2%
24. Mexico	0.9%	18. Mexico	1.6%	19. Mexico	1.2%
32. Chile	0.6%	32. Argentina	0.5%	11. Brazil	1.8%
33. Argentina	0.6%	35. Andean	1.5%	33. Argentina	0.6%
40. Costa Rica	0.4%	Comm.		34. Chile	0.5%
42. Peru	0.3%	36. Chile	0.3%	43. Colombia	0.3%
44. Colombia	0.3%	43. Venezuela	0.7%	46. Venezuela	0.3%
48. Venezuela	0.3%	45. Colombia	0.3%	49. Peru	0.3%
Latin America	6.1%	Latin America	6.4%	Latin America	6.3%

Source: Own Elaboration based upon EUROSTAT, DG Trade/Statistics, March 18, 2011

Table 2
Governance Scores

Rule of Law (-2.5 to +2.5)

Country	1996	1998	2000	2002	2004	2006	2008	2010
Honduras	-0.71	-0.84	-0.91	-0.83	-0.73	-0.90	-0.89	-0.87
Mexico	-0.47	-0.51	-0.36	-0.33	-0.37	-0.51	-0.64	-0.56
Venezuela	-0.64	-0.71	-0.80	-1.12	-1.21	-1.38	-1.59	-1.64

Source: Kaufmann D., A.Kraay and M. Mastruzzi: *Governance Matter VIII Governance Indicators for 1996-2010*

Control of Corruption (-2.5 to +2.5)

Country	1996	1998	2000	2002	2004	2006	2008	2010
Honduras	-1.01	-0.63	-0.72	-0.81	-0.70	-0.76	-0.82	-0.85
Mexico	-0.33	-0.51	-0.32	-0.23	-0.33	-0.32	-0.26	-0.37
Venezuela	-0.80	-0.87	-0.67	-1.11	-1.02	-1.01	-1.13	-1.24

Source: Kaufmann D., A.Kraay and M. Mastruzzi: *Governance Matter VIII Governance Indicators for 1996-2010*.

Government Effectiveness (-2.5 to + 2.5)

Country	1996	1998	2000	2002	2004	2006	2008	2010
Honduras	-0.72	-0.65	-0.48	-0.58	-0.54	-0.55	-0.57	-0.66
Mexico	-0.03	+0.34	+0.29	+0.26	+0.10	+0.10	+0.18	+0.16
Venezuela	-0.76	-0.46	-0.67	-0.93	-0.90	-0.79	-0.85	-1.01

Source: Kaufmann D., A.Kraay and M. Mastruzzi: *Governance Matter VIII Governance Indicators for 1996-2010*.

Political Rights 2002-2010

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010
Honduras	3	3	3	3	3	3	3	3	4
Mexico	2	2	2	2	2	2	2	2	2
Venezuela	3	3	3	3	4	4	4	4	5

Source: Freedom House

Each rating of 1 through 7, with 1 representing the highest and 7 the lowest level of freedom, corresponds to a range of total scores.

Civil Liberties 2002-2010

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010
Honduras	3	3	3	3	3	3	3	3	4
Mexico	3	2	2	2	2	3	3	3	3
Venezuela	5	4	4	4	4	4	4	4	4

Source: Freedom House

Each rating of 1 through 7, with 1 representing the highest and 7 the lowest level of freedom, corresponds to a range of total scores.