

STRATEGIES FOR STRENGTHENING RELATIONS BETWEEN THE EUROPEAN UNION AND LATIN AMERICA: THE ROLE OF URUGUAY

Virginia Morató, PhD student

Kaloyan Stanev, PhD

ORT University, Montevideo, Uruguay

Abstract:

This paper focuses on the EU's position in Latin America in the context of rising global tensions and rivalries. The increase economic presence of China and the disinformation campaigns of Russia are pushing and endangering the European Union (EU) standing in the continent. Furthermore, Latin American countries are facing a wide range of local challenges, which additionally obstruct the cooperation between the EU and Latin America. To maintain a stable and productive relationship, the EU should navigate these waters carefully. In this context, Uruguay's political and economic stability provides a reliable and secure environment for international negotiations and agreements. Although a relatively small country for the region, Uruguay, could act as a bridge between the EU and Latin America and play a crucial mediating role in strengthening relations between the European Union and Latin America.

Keywords: Latin America and the EU, Uruguay, cooperation, XXI challenges

Despite the deep historical and cultural ties between the European Union and South America, a number of emerging challenges threaten the close relationship between the two regions. These include political instability and economic inequality within South America, the emergence of new global players and climate change, among others. The focus of the study is on the key issues that promote or hinder relations between Latin America and the European Union, and on Uruguay's potential role as a stable and reliable bridge between the two regions.

1. EU - Latin America

Relations between the European Union (EU) and Latin America have a rich and varied history, marked by cooperation in a wide range of areas: While the

European Union is one of Latin America's most important trading partners and a major source of foreign direct investment, the relationship is also based on shared values, including democracy, human rights and sustainable development.

From its inception, the European Economic Community (EEC), the forerunner of the EU, began to establish trade and cooperation agreements with Latin American countries. These agreements focused on trade and development assistance. In the 1980s, the EEC's involvement in the Central American peace process marked a turning point. It was the first time that Latin America featured prominently on the EEC's agenda. During the 1990s, several association agreements were signed between the EU and Latin American countries, including Mexico and Chile. These agreements covered not only trade but also political and social cooperation and left their mark on the newly formed European Union.

Since 1999, regular summits have been held between the EU and Latin America and the Caribbean (EULAC) to strengthen bi-regional relations. The attempt to reformulate the historical relationship between Europe and Latin America and the proposal of a new „Atlanticism“, now „integrative“, were on the agenda. Meanwhile, in the old continent, the Community project was progressing reasonably and consistently, based on sustained and vigorous economic growth, an element that was the backbone of a European imaginary that fuelled the new European projection across the Atlantic. However, the new millennium brought new challenges for the EU. A new path of eastward expansion opened up, pushing Latin America and the Caribbean (LAC) to the bottom of the European agenda. The rapprochement of both regions was subject to the impetus of the EC presidency, provided it was Spain, Portugal, or, to some extent, France. The Guadalajara Declaration of 2004 highlighted social cohesion as a fundamental pillar of this relationship. Since 2010 and in recent years, the EU has launched initiatives such as the Global Gateway Strategy, which aims to increase the EU's geopolitical relevance and promote cooperation in areas such as sustainability and digitalisation.

In short, EU-Latin America relations have evolved and strengthened over the decades and cover a wide range of areas of cooperation.

2. Modern challenges

Rising geopolitical tensions and the current assault on the post-Cold War geopolitical order, combined with the European Union's need for diversified supplies of critical raw materials to manage the clean and digital transformation of its economy, have made Latin America a highly strategic region. South America is particularly rich in lithium and copper, which are essential for renewable energy technologies and the production of lithium-ion batteries used in laptops, smartphones and hybrid and electric vehicles.

Nevertheless, EU-Latin America relations today face numerous obstacles. Despite general economic progress in most countries of the region, significant socio-economic disparities remain between countries. This makes it difficult

to implement coherent policies and effective cooperation in areas such as education, health and sustainable development. The competition for resources and strategic alliances also complicates relations and bi-regional cooperation. For its part, the EU has had a very volatile relationship with the region over time. It seems to regain interest each time others extend their reach on the continent. This irregularity does not help the development and depth of the relationship. Only recently has the Russian aggression against Ukraine prompted the EU to step up its efforts to improve relations with Latin America.¹ However, the growing influence and ambitions of other global actors, such as China and Russia, in Latin America pose a challenge to the EU.

In just two decades, China has gone from being a small player to exerting a predominant economic influence in Latin America, rivalling established actors such as the United States (US) and the EU.² In 2018, China expanded the scope of its ambitious global infrastructure development strategy, known as the Belt and Road Initiative, to include Latin America.^{3,4}

China's ever-increasing presence in LA is particularly worrying from an EU perspective, given the EU's urgent need for a (diversified) supply of critical raw materials (CRMs) to manage the clean and digital transition of its economy.^{5,6} China accounted for 34 % of the Latin Americas' mineral exports in 2023.⁷

Russia is another of Europe's geopolitical rivals on the continent. Its economic presence in Latin America is limited, especially when compared to China, the US and the EU, but Russia has been successful in using disinformation, economic coercion, overt and covert political action in Latin America. In this way, Moscow has 'sown anti-Western sentiment and weakened democratic institutions, while shaping the behaviour of Latin American governments in Russia's favour.'⁸ Not surprisingly, Russia's traditional allies are the authoritarian regimes: Nicaragua, Cuba (both of which received substantial economic

¹ Jütten, M., (2023). *Strengthening ties: A new agenda for the EU's relations with Latin America and the Caribbean*, EPRS, European Parliament.

² Barrios, R., Rios, K., China's Engagement with Latin America and the Caribbean, Congressional Research Service, 2023.

³ Delisante, V. Bonilla, J. (2013), *Europa América Latina, ¿quién se aleja de quién?* en Roy J. Después de Santiago. Integración Regional y Relaciones Unión Europea América Latina. The Jean Monnet Chair, University of Miami. Miami-Florida European Union Center

⁴ Roy, D.(2025), *China's Growing Influence in Latin America*, Council on Foreign Relations.

⁵ Ragonnaud, G.(2023), *Securing Europe's supply of critical raw materials: The material nature of the EU's strategic goals*, EPRS, European Parliament.

⁶ Sierocińska, K. and Michalski, B.(2024), *Latin America's Critical Raw Materials and the Economic Security of the European Union*, Polish Economic Institute, Warsaw.

⁷ Roy, D.(2025), *China's Growing Influence in Latin America*, Council on Foreign Relations.

⁸ Farah, D., & Ortiz, R. D. (2023). Russian influence campaigns in Latin America. Washington, DC: United States Institute of Peace.

and military support from the Soviet Union during the Cold War) and Venezuela.⁹

China and Russia were particularly successful in undermining the European Union's reputation during the COVID-19 pandemic. While China was one of the first suppliers of vaccines to Latin America and the Caribbean (the Russian Federation was the other), the EU lagged behind both China (and the United States) in vaccine donations. In addition, aggressive Russian and Chinese propaganda efforts have sown distrust of the EU among local populations.

Nevertheless, the EU still has some advantages as it seeks to reassert its influence in the face of the growing presence of China and, to a lesser extent, Russia. Despite the best efforts of Russian propaganda, there has been a shift in the perception of Russia in Latin America, largely as a result of its war of aggression against Ukraine. In addition, analysts have noted a growing sense of caution in Latin America about China's foreign economic policy: the presence of debt traps; the flooding of the market with cheap goods and its impact on domestic producers; the question of sustainability; and the issue of raw material exports to fuel Chinese demand.¹⁰

Europe is perceived as having less influence or even weakness in areas such as science and education, military power, and technological development and that Europe's economic power in Latin America is perceived as being less than that of China or the US.¹¹ However, Europe is viewed by many Latin Americans as a desirable partner. Europe's leadership in areas such as the environment, human rights, peace, poverty reduction, and humanitarian aid is acknowledged by Latin Americans.

The EU and Latin America are at different stages of development in terms of digitisation and the green transition. The EU wants to accelerate these transitions in Latin America, but technology and infrastructure gaps can be a significant challenge. Latin America is particularly vulnerable to the effects of climate change. The EU and Latin America must work together to address these challenges, but implementing sustainable policies can be complicated by differences in priorities and economic capacity. In this context, some Latin American countries face political and social instability, which can hinder cooperation and the implementation of joint projects. The EU must navigate these waters carefully in order to maintain stable and productive relations. EU's strict environmental standards (especially on deforestation and sustainability) clash with Latin American agricultural exporters.

⁹ Walker, C., Masoud, T., & Dobson, W. J. (2023). 4 The Kremlin Playbook for Latin America. In *Defending Democracy in an Age of Sharp Power* (pp. 65-80). Johns Hopkins University Press.

¹⁰ Jütten, M., (2025). Strengthening ties: A new agenda for the EU's relations with Latin America and the Caribbean, EPRS, European Parliament, p.8.

¹¹ Johnston, K. (2025), *China, Latin America, and the United States. Geopolitical Impacts and New Challenges*, Konrad-Adenauer-Stiftung USA.

The lack of cohesion and coordination among Latin American countries can be an obstacle to relations with the EU. Regional integration is key to effective cooperation, but political and economic differences between countries in the region complicate this process.

The crisis of integration and interregionalism in Latin America and the decline of liberal democracy pose additional challenges. The EU must find ways to support democracy and stability in the region while promoting mutual cooperation. These challenges require a strategic and coordinated approach to strengthen relations and take advantage of cooperation opportunities between the EU and Latin America.

The planned EU-Mercosur partnership agreement could represent a significant development in EU-LAC relations. The EU reached a political agreement on 6 December 2024, but its implementation remains uncertain due to some EU Member States, such as France and Poland, having expressed reservations. In contrast, China, which the EU increasingly perceives as a competitor and systemic rival, is poised to further strengthen its economic ties with Latin America, particularly with Mercosur.

The partnership agreement will serve as a litmus test for the bloc's commitment to deepening its partnership with Latin America through the conclusion of this treaty.

3. Uruguay within Latin America.

Uruguay has historically been one of the countries with the best social indicators in the region, because of the welfare state, which serves as a cornerstone of its political identity. Uruguay's social policies, established during the early 20th century, sought to address issues of inequality, poverty, and access to essential services.

The country is located in a geographic context which, despite its 176.000 km², is of little importance. Its small dimension not only refers to territorial aspects, but also to its demographic and economic indicators. It has just over 3 million inhabitants, of whom 46% live in the capital, Montevideo, the smallest of its 19 departments. 38% live inside the city and only 16% in rural areas.

In the Latin American landscape, it is a country that historically stands out for its equal income distribution, the strength of its democracy, and its level of social integration.¹²

Uruguay benefited economically from the Second World War (especially as an exporter of meat and wool), which led to its being identified as „the Switzerland of America,“ However, by the 1950s, it slowly but steadily entered a decline that has brought it, even today, closer to the parameters of its Latin

¹² <https://hir.harvard.edu/uruguays-democracy-a-model-for-stability-in-latin-america/>

American context.¹³ Despite this, it continues to stand out for its institutional strength, legal certainty, and a strong republicanism that prevents extremists from entering its political system. Uruguay's political system is characterised by a robust multiparty democracy; wherein diverse political voices are represented. The country has cultivated a reputation for its pragmatic approach to governance, which emphasises consensus-building and collaboration among political parties. This model of governance offers significant insights into the effective functioning of democratic systems, even in the context of political polarisation.

Uruguay is a country that can be compared to the region and celebrate the difference in the quality of its democracy, a country with solid political institutions, a cohesive society, without (or with little) racial, ethnic, or religious problems, and without significant geographical and climatic challenges.¹⁴

Furthermore, Uruguay's foreign policy has been characterised by its commitment to regional solidarity and multilateralism. The country frequently assumes a prominent position in international forums, where it advocates for issues such as human rights, sustainable development, and environmental protection. The nation has assumed a pivotal function in fostering regional collaboration through a range of organisations and accords, prominently exemplified by the Mercosur.

4. Uruguay and EU

The geopolitical context of Uruguay, a small country surrounded by two powerful nations, underscores the pivotal role that foreign policy played in securing national independence and autonomy.

The relationship between Uruguay and the European Union is characterised by a long-standing history of cordiality, cooperation, and mutual democratic values, human rights, multilateralism, and shared trade interests. The issue of climate change is a matter of significant concern that is widely recognised. The European Union has played a key role in promoting sustainable development initiatives in Uruguay, with a particular emphasis on renewable energy sources. Uruguay has established itself as a regional leader in wind and solar energy, a development that has been supported by the EU. Relations with the European Union were formalised with the presence of the European Commission in the country when the Delegation in Montevideo opened its doors as a diplomatic mission in 1990. This relationship intensified following the signing of the Framework Cooperation Agreement in 1992, which strengthened political and economic dialogue.¹⁵

¹³ Delisante, V. Tagliani, A. (2010), *Género, seguridad humana y violencia: el caso uruguayo*. SGIR 7th Pan-European Conference on IR Stockholm - Sweden

¹⁴ Isern, P; Mazzina, C. (2024). *Argentina y Uruguay. El jardín de los senderos que se bifurcan*. Ed. Biblos. Buenos Aires

¹⁵ EEAS https://www.eeas.europa.eu/uruguay/la-union-europea-y-uruguay_es?s=194

The Framework Cooperation Agreement involves regular meetings through a Joint Committee to share information and discuss issues of interest. The 13th European Union-Uruguay Joint Committee took place in Brussels in October 2023. Both parties reiterated their shared commitment to continue working together and deepen the close bilateral relationship, based on the shared principles of democracy, the rule of law, respect for human rights, multilateralism, and international cooperation. Regarding bilateral relations, both parties welcomed the growth of European investment in Uruguay, which accounts for almost 40% of total foreign investment in the country. The European Union and Uruguay highlighted the recent signing of the energy memorandum of understanding, which emphasises the production of green hydrogen and renewable energy, an area that offers enormous opportunities for investment and growth. Regarding digital issues, both parties expressed satisfaction with the signing of the EU-LAC Digital Alliance and discussed the next steps, as well as Uruguay's accession to the Latin American and Caribbean E-Skills Hub.

Bilateral relations took on a new dimension with the conclusion of negotiations between the EU and Mercosur announced in Montevideo in December 2024 by the President of the European Commission, Ursula Von der Leyen, and her counterparts from the four Mercosur countries, Javier Milei (Argentina), Lula da Silva (Brazil), Santiago Peca (Paraguay) and Luis Lacalle Pou (Uruguay), for an innovative partnership agreement that - in addition to trade - will intensify political and cooperation relations between the two blocs.¹⁶

5. The Role of Uruguay: reliable partner

Uruguay is often considered as a European minded country situated in South America. Indeed, it could be argued that Uruguay is one of the countries in Latin America that best embodies the values of the European Union, if not the most prominent one. Its stable democracy, progressive policies and commitment to human rights make it a respected and influential player in shaping regional norms and values.

Although Uruguay may not be a dominant geopolitical force in Latin America, it exerts soft power through progressive policies as the abolition of the military draft, the legalisation of same-sex marriage and the pioneering regulation of cannabis have positioned it as a forward-thinking nation. These policies have attracted international attention and respect, thereby enhancing Uruguay's reputation on the global stage. Furthermore, Uruguay is known for its political and economic stability in a region often marked by political turbulence. This stability provides a reliable and secure environment for international negotiations and agreements. Confidence in Uruguayan institutions can facilitate dialogue between the EU and other Latin American countries.

In this context, Uruguay can act as a bridge between the EU and Latin America and play a crucial mediating role in strengthening relations between

¹⁶ EEAS https://www.eeas.europa.eu/uruguay/la-union-europea-y-uruguay_es?s=194

the European Union (EU) and Latin America. At the same time, Uruguay has maintained a neutral stance in many regional and international conflicts, allowing it to function as an impartial mediator. Its active diplomacy and commitment to multilateralism enhance its ability to facilitate conversations and resolve disputes.

Additionally, Uruguay has experience in negotiating trade agreements and international treaties, both bilaterally and multilaterally. This experience can be valuable in mediating negotiations between the EU and Latin America, ensuring that the interests of all parties involved are considered.

Furthermore, Uruguay has been a leader in adopting sustainable policies, especially in renewable energy. This leadership can serve as an example and a point of collaboration for joint projects between the EU and Latin America, promoting sustainable development in the region.

It is evident that the Uruguay approach is not without its limitations. It could be argued that the influence of Uruguay is of a moral and institutional nature rather than strategic or economic. While the country is held in high esteem, its approach is not universally adopted. However, while autocratic regimes, such as those currently in power in Cuba and Venezuela, could serve as entry points for undemocratic global powers in Latin America, a country with a well-established democratic system in place could be a conduit for the European Union. Hence, Uruguay can act as a facilitator in regional dialogues, organising summits and meetings that bring together leaders from the EU and Latin America. These platforms can be essential for discussing and resolving common interests, from trade to cooperation in science and technology. This mediating role could materialise through the organisation of an EU-Latin America summit in Montevideo, where Uruguay would function as host and mediator, facilitating discussions on trade, investment, and cooperation in sustainability.

Concluding remarks

Deglobalisation, rising geopolitical tensions, the transition to green energy and digital technologies are increasing Latin America's economic and political importance.¹⁷ The European Union must find a successful strategy to maintain or improve its relations with the countries of the continent in the context of fierce competition with China, Russia and also the United States. This will require a multi-directional effort, including political and, above all, economic aspects. One possible approach is to collaborate with reliable partners on the continent. Established democracies like Uruguay share the core values of the European Union and could be the perfect link between Europe and Latin America.

The EU's positive image in Latin America could be an advantage in the fierce economic rivalry with China and Russia and, to a lesser extent, the US, and Uruguay could be the perfect conduit for this relationship.

¹⁷ Cattafi, C., & Papp, R. (2025). *Can Latin America play a more influential role in a shifting world order?*. *Frontiers in Political Science*, 6, 1527715.

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