

10
2024

The Iberian Nexus: Spain's Strategic Role in Latin America's Geo-Economic Landscape

By Carlos Uriarte Sánchez and Tia Koprivnjak

Iberian Threads: Spain's Geopolitical Tapestry

Since long before the European Union (EU) and even the existence of some European countries, Spain and Latin America have held a very close-knit bond. During the colonial era, explorers like Christopher Columbus and the conquistadores—such as Hernán Cortés and Francisco Pizarro—brought Spanish rule to vast portions of the South American continent. These early European arrivals shaped the course of history in both Spain and Latin

America. Interestingly, indigenous societies in Latin America possessed rich intellectual traditions even before European contact, while collaborative projects and historical scholarship in the 16th century influenced indigenous epistemic assumptions, methods, and rhetoric. This cooperation allowed for a prosperous era of intellectual achievements in the 17th century. Native scholars produced a variety of genres, recording and disseminating historical, religious, and political knowledge. Understanding this historical context sheds light on the enduring ties between Spain and

Latin America, which continues to shape their multifaceted relationship today.

Spain occupies a pivotal role as a bridge connecting the EU and Latin American countries. Historical and cultural ties are strong due to Spain's colonial past and shared language (Spanish) with many Latin American nations. Literature, art, music, and traditions connect the two regions, influencing societal norms, legal systems, and governance structures. Diplomatically, Spain acts as an intermediary, facilitating dialogue between the EU and Latin American governments through summits, conferences, and bilateral meetings. Issues such as human rights, democracy, and regional stability are discussed through Spain's diplomatic channels. Geographically, Spain serves as a gateway for Latin American businesses seeking access to the EU market, with its ports and transportation networks facilitating trade. Spanish companies also invest in Latin America, contributing to economic growth and technology transfer. Collaboration on security matters, including drug trafficking, organized crime, and counterterrorism, further strengthens ties. Additionally, academic exchanges, student mobility, and cultural programs foster mutual understanding, while tourism flows promote cross-cultural experiences. In summary, Spain's unique position enables it to promote connections,

enhance dialogue, and facilitate economic ties between the EU and Latin America.

Spain's 2023 EU Presidency: Nurturing Latin American Partnerships

As mentioned, Spain's unique linguistic, historical, and positional characteristics make it a perfect gateway between the EU and Latin America. Spain has been influenced through centuries by vast movements of diverse nations which shaped their rich cultural background that they transferred to the Latin American countries through colonization. The trade that occurred at that time facilitated the exchange of European goods to the new world and colonial goods back to Europe through the Iberian Peninsula, which helped strengthen and build the European economy. The shared language, religion and customs only further strengthen this bond.

Spain continues to actively foster relations between the EU and Latin America.

Spain continues to actively foster relations between the EU and Latin America. Spain's former First Deputy Prime Minister, Nadia Calviño, emphasized its strategic role as a bridge between these two continents at a

conference back in September of 2023. The event was organized by the CAF – Development Bank of Latin America and the Caribbean, and it facilitated the discussion about some common problems which are faced by these two very much intertwined regions. The president of CAF, Sergio Díaz-Granados met the words of Calviño with great acceptance and added that the event: “will be an opportunity of historic significance.” This meeting was organized under the wing of the Spanish Presidency of the Council of the EU: a crucial presidency for the ties between the EU and Latin America. Throughout this presidency, Spain has been very vocal and persistent about their ambitions for Latin America and has achieved some great success in that aspect. Firstly, the European Commission has made announcements about aiding Latin American countries through the Global Gateway program by contributing €45 billion to their financing plans back in July of 2022, and it was exactly under this presidency that there was a call for concrete action about this plan. Spain proved through the six presidential months that they intend to push substantive discussions and many strategic projects with Latin America that have been mentioned but very often put as a second priority by the EU. Throughout the meeting, it was also mentioned that Latin American countries have for long been viewed in a negative light, being taken as a source of problems instead of as a source of solutions.

Alex Contreras, Peru’s Minister of Economy and Finance and President of CAF’s Board of Directors, emphasized that the South American continent could be immensely helpful in the respect of the energy transitions and that it has much to offer beyond that as well.

European Commission has made announcements about aiding Latin American countries through Global Gateway program.

Aside from this meeting held in September, which was mainly focused on economic aspects of the cooperation there was another crucial meeting organized in July, at the start of the presidency; a summit between the EU and the Community of Latin American and Caribbean States (CELAC). This was the ninth such meeting since the inaugural summit in Rio de Janeiro in 1999, however it was rescheduled from 2017 due to the complicated economical situation in Venezuela. The reactivation of EU-CELAC relations at the highest level has been influenced by factors such as the pandemic, the war in Ukraine, and Spain’s presidency. Spain aimed to relaunch relations with Latin America and the Caribbean (LAC), focusing on sustainability, modernizing agreements, and fostering green and digital alliances. However, the EU must move beyond rhetoric and address ideological

differences to create a pragmatic and balanced partnership. Concrete projects and strategic areas are crucial, especially in multilateral forums where LAC's alignment with the EU is essential. The EU's ability to engage LAC as a strategic partner will impact its position in global forums, considering developments like Mexico and Argentina's interest in joining the BRICS or Mexico's already existing partnership with Canada and the USA; USMCA (formerly known as NAFTA). The European Commission's recent communication outlines new possibilities but remains uncertain. The Spanish presidency's commitment to Latin America and the Caribbean (LAC) is strategic, although not miraculous. The summit's success hinges on overcoming Eurocentrism. The EU must shift from viewing LAC solely as a source of raw materials to recognizing it as a partner and reducing structural dependencies on other nations is crucial in this process. Establishing an institutional framework, such as the EU-LAC Foundation, can provide sustainability and stability. As the global south gains prominence and the BRICS lead in innovation and energy transition, LAC's international value becomes invaluable in the evolving global landscape.

Spain's engagement transcends bilateral interactions and the 2023 presidency, notably in its constructive role within EU-Cuba relations. The 2016 Agreement of Political Dialogue and

Cooperation stands as a testament to Spain's efforts in bridging Europe and Cuba, even amidst divergent political systems and varying interpretations of human rights. Furthermore, Spain actively promotes EU collaboration with Latin America and the Caribbean, acknowledging the imperative to address China and India's expanding influence in the Global South.

The CELAC-EU Roadmap, adopted in 2022, outlines joint priorities and cooperation areas.

In summary, the framework for cooperation between the EU and Latin America, facilitated through Spain, stands in shape of bilateral agreement and multilateral initiative. Spain maintains bilateral agreements with several Latin American countries, emphasizing cooperation and cultural exchange. These agreements cover a range of areas, including trade, investment, education, and technology transfer. Notable partners include Chile, Peru, Argentina, and Colombia. Multilateral initiatives are seen through collaboration with the EU, of which Spain is a member, which actively engages with Latin America through multilateral efforts. The CELAC-EU Roadmap, adopted in 2022, outlines joint priorities and cooperation areas. Additionally, the EU's Global Gateway Connectivity Strategy aims to enhance

connectivity, sustainable development, and economic ties with Latin American nations. Pending agreements with Mercosur, Mexico, and Chile further demonstrate the EU's commitment to the region. Another attempt of Spain in improving its international presence and success of executing policies was the *Secretaría de Estado de la España Global*, a high-level government body in Spain, operating under the Ministry of Foreign Affairs, European Union, and Cooperation between 2018 and 2021. Regarding Latin America, it focused on enhancing economic diplomacy, public diplomacy, and managing Spain's international image and reputation in the region. However, in 2021, it ceased to exist, and its functions were integrated into other government structures. The reasons behind its discontinuation are not explicitly stated, but organizational changes and evolving priorities likely played a role.

Economic Cooperation and Trade Winds: Spain's Economic Voyage to Latin America

Spain's relationship with Latin America has the potential to be mutually beneficial, acting as a bridge connecting the two regions and providing a bilateral engagement. Now, more than ever, Spain should embrace its dual role as both a bridge and a protagonist in fostering economic

collaboration. This symbiotic relationship allows for the exchange of goods, services, and ideas across the Atlantic. Spain maintains strong trade links with Latin American nations through trade relations and investment flows. For instance, it imports agricultural products such as coffee, fruits, and vegetables, as well as minerals like copper, zinc, and iron from countries like Brazil, Mexico, and Chile. In return, Spain exports machinery, vehicles, and pharmaceuticals to these markets. This trade flow contributes to economic growth and diversification. Spanish companies have also made significant investments in Latin America. Banco Santander, a Spanish multinational bank, has a substantial presence in the region while Telefónica, a telecommunications giant, operates across several Latin American countries, providing mobile and internet services. These investments foster job creation, technological transfer, and infrastructure development.

Spain maintains strong trade links with Latin American nations through trade relations and investment flows.

Spain can position itself as a strategic hub for Latin American companies and investments entering Europe, and vice versa, thus becoming

a seeding ground of recent developments and opportunities. This geostrategic resource benefits both Spain and the EU. By leveraging its historical ties and cultural affinity, Spain can facilitate business partnerships, joint ventures, and knowledge exchange. In 2022, Spain, along with the European Commission, launched a partnership with Latin America and the Caribbean to enhance local manufacturing of vaccines, medicines, and health technologies. This collaboration aimed to strengthen healthcare infrastructure and boost economic ties. Such initiatives demonstrate Spain's commitment to sustainable development and global well-being, especially in countries which have been strongly hit by the Covid-19 pandemic. Over the past few decades, Spain's economic relationship with Latin America has been marked by inconsistency and improvisation. While there have been fluctuations in investments, geopolitical ties, and aid priorities, the ties between the two regions remain substantial. In the 1990s, as Latin America moved away from authoritarian regimes and embraced privatization, Spain increased its international outreach. Latin America contributes significantly to the Spanish economy, with a quarter of IBEX 35 companies' revenue coming from the Latin American region in 2018. However, potential risks, such as a recession in Latin American markets, could impact Spain's financial stability

and willingness to engage.

Spain can position itself as strategic hub for Latin American companies and investments entering Europe.

The commodities boom has positively impacted Latin America, benefiting most countries that are net commodity exporters. However, experiences show that such booms can sometimes be wasted. The relationship between Spain and Latin America has evolved significantly, with strong bilateral foreign direct investment ties and multifaceted cultural, migratory, and political connections. Spain's leadership in preparing an EU-Latin America summit highlights the importance of refreshing relationships and reviving stagnant free trade agreements. Given Latin America's relevance to Spain's economy, it's an opportune time for Spain to adopt new approaches in foreign direct investment, foreign aid, and multilateral cooperation. Latin American policymakers' renewed mandates and the lack of US leadership in the region create opportunities for strategic collaboration. Stability and growth in Latin America could benefit both Spain and the EU, transcending historic ties and good intentions. With all this being mentioned, a prosperous economic collaboration lays ahead of Spain and Latin America, and some areas in which further collaboration could be beneficial include

technology transfer, infrastructure development and the sector of sustainable energy and the energy transitions. Spain's expertise in renewable energy, biotechnology, and digital innovation can benefit Latin American countries. Joint research projects, academic exchanges, and technology parks can accelerate technological progress and foster innovation. While collaborating on infrastructure projects—such as roads, ports, and energy grids—can enhance connectivity within Latin America and promote economic growth. Spain's experience in managing large-scale infrastructure can be invaluable for these initiatives. Given the global focus on sustainability, Spain and Latin America can collaborate on renewable energy projects. Solar, wind, and hydroelectric energy sources offer immense potential for addressing climate challenges and ensuring energy security.

Migration and Bridging Continents: Labor Mobility and EU Talent Exchange

Spain's historical ties with Latin American countries, stemming from colonial history and a shared language, significantly influence migration patterns. Economic opportunities play a pivotal role, driving migrants to seek better job prospects, higher wages, and improved living standards in Spain. Family reunification is another key factor; many Latin

Americans have relatives in Spain, leading to family-based migration. Additionally, educational exchange programs foster cultural interaction and knowledge transfer between the two regions. As an EU member, Spain serves as a crucial gateway for talent integration. In 2020 alone, over 100,000 Latin Americans migrated to Spain, contributing to its diverse workforce. EU-wide initiatives, such as the "Blue Card" program, actively attract skilled workers from third countries, including Latin America. Spain's participation in these efforts underscores its commitment to talent mobility within the EU. However, challenges persist. In recent years, Spain has faced a persistent shortage of skilled workers. However, this issue is even more acute when it comes to Latin American migrants seeking employment opportunities.

In 2020 alone, over 100,000 Latin Americans migrated to Spain.

Approximately 50% of formal Latin American firms struggle to find candidates with the necessary skills, compared to 36% of firms in OECD countries. The sectors which are particularly affected by this are construction, healthcare, and software development and they require strategic and urgent policies to address these gaps. Ensuring that migrants' skills align with job requirements is essential

for successful integration and prevention of drop in competitiveness for the host countries. Imagine a network of talent corridors connecting Madrid, Buenos Aires, and Mexico City—a vision that strategic policies can turn into reality. Another issue that Spain and the whole of EU face is of a demographic nature, high dependency on migrant labor due to aging population and declining birth rates. Over a quarter of the population will be past retirement age in the coming decades, leading to a shrinking workforce. Latin American migrants can partially offset this trend, but their skills must align with emerging industries, such as IT, to ensure long-term economic stability. In summary, Spain's unique position, historical ties, economic allure, and EU membership make it a pivotal player in bridging talent exchange between Europe and Latin America. By addressing challenges and leveraging opportunities, we can create a vibrant ecosystem where talent flows seamlessly across continents.

Conclusion: An Enduring Partnership

Spain's strategic location at the crossroads of Europe and Latin America positions it as a vital link in the geopolitical aspect. It facilitates diplomatic dialogue, cultural exchange,

and cooperation between the two regions. Geopolitically, Spain acts as a conduit for mutual understanding, fostering collaboration on global challenges such as climate change, security, and migration. When looking at the economical side, trade ties between the EU and Latin America have strengthened significantly. Over the past decade, trade volume has increased by more than 40%. Together, the EU and Latin America represent 60 countries, 14% of the world's population, and 21% of global GDP. Spain's role in enhancing economic relations is thus pivotal.

Spain's historical and cultural connections with Latin America contribute to its role as a migration bridge and facilitator for talent exchange. People move between these regions for various reasons, including economic opportunities, family reunification, and education, all this made possible due to the majorly non-existing language barrier and similar customs. Addressing migration challenges requires cooperation, empathy, and sustainable policies to which Spain's experience can inform effective approaches.

EU and Latin America represent 60 countries, 14% of the world's population and 21% of global GDP.

Spain's commitment to multilateralism and cooperation is essential. Concrete results, beyond mere intentions, are crucial for leveraging opportunities. Projects like the Global Gateway tool, which allocates €45 billion for Latin America and realized through the Spanish presidency of the Council of the EU, demonstrate the potential for deeper political and economic collaboration. Spain's historical ties with Latin America have fostered a robust and multifaceted relationship. Shared language, culture, and colonial heritage create a sense of kinship and a wish for cooperation. Beyond history, Spain plays a crucial role as an economic bridge as several Spanish companies invest significantly in Latin America, facilitating trade and investment flows. Diplomatically, Spain actively promotes collaboration through forums like the Ibero-American and EU-CELAC Summits. Cultural exchange and worker mobility further strengthens these bonds. As

a trusted partner, Spain not only enhances its own ties with Latin America but also facilitates the entire region's engagement with the EU.

Dr. Carlos Uriarte Sánchez is a Professor of Law at Rey Juan Carlos University and General Secretary of Paneuropa in Spain, based in Madrid, Spain.

Tia Koprivnjak is a student of Economics at Rey Juan Carlos University, based in Madrid, Spain.

DISCLAIMER: The views presented in this paper are solely of the author and do not represent an official position of the Institute for Development and International Relations (IRMO) or of the Hanns Seidel Foundation.

IRMO

Institut za razvoj i međunarodne odnose
Institute for Development and International Relations

 Hanns
Seidel
Stiftung

Ured u Zagrebu

Institute for Development and International
Relations - IRMO
Lj. F. Vukotinovića 2, Zagreb, Croatia
www.irmo.hr

Hanns Seidel Stiftung
Amruševa 9, Zagreb, Croatia
www.hanns-seidel-stiftung.com.hr