From Trade to Geopolitics: EU–Latin America Relations in the Era of Fragmentation

Aris Ioannis Papadopoulos
MSc Institutions and Political Economy, University of Barcelona
ENA Institute for Alternative Policies

Abstract

This paper examines the evolving relationship between the European Union and Latin America amid geopolitical fragmentation, trade securitisation, and democratic contestation in an emerging multipolar order. Rising protectionism and nationalist economic agendas, particularly following the resurgence of Trumpism in the United States, have intensified pressure on the EU to rethink and diversify its external partnerships. In this context, Latin America has regained strategic importance as a supplier of critical raw materials, a trade partner, and a political space where competing models of governance and development increasingly intersect.

Focusing on the EU–Mercosur framework and relations with countries such as Brazil and Venezuela, the paper examines how geopolitical competition reshapes trade governance, institutional cooperation, and democratic conditionality. It highlights the enduring tension between economic pragmatism and the EU's normative commitments to democracy, human rights, and electoral legitimacy, particularly in contexts of democratic backsliding and political crisis.

At the same time, the weakening of the liberal international order prompts the EU to diversify its alliances through friendshoring and deeper interregional cooperation. Beyond trade, EU–Latin America relations increasingly encompass industrial policy coordination, green transition partnerships, and migration governance, reflecting broader efforts to build more resilient and balanced forms of global interdependence.

The paper argues that these relations are shifting from a predominantly trade-focused framework to a multidimensional geopolitical partnership shaped by systemic uncertainty and competing global norms.

Introduction

The international environment in which the European Union operates is undergoing a profound transformation. The relative stability of the post-Cold War liberal international order has increasingly given way to a more fragmented and contested geopolitical landscape, characterised by intensifying strategic competition, economic nationalism, and the erosion of established forms of multilateral cooperation. The return of protectionist economic policies, particularly in the United States, together with the intensification of US–China strategic competition, has contributed to the growing securitisation of trade, investment, and supply chains. Economic interdependence can no longer be understood exclusively as a source of mutual gains; it has increasingly become an instrument through which states pursue strategic influence and manage geopolitical vulnerabilities.

This transformation poses a profound dilemma for the European Union. European prosperity has long been closely linked to open markets, multilateral trade, and extensive economic interdependence, while the Union's external identity has been built on promoting democracy, human rights, and rules-based international cooperation. The growing importance of economic security thus creates tension between the EU's need to protect its strategic interests and its traditional commitment to an open, rules-based international order. In an increasingly uncertain environment, diversifying external partnerships has consequently become not only an economic objective but also a strategic necessity.

In this context, Latin America assumes renewed strategic relevance for the European Union. The region is a significant source of critical raw materials, renewable energy potential, and strategic commodities, a major trade and investment partner, and a political space where European interests increasingly intersect with broader questions of development, democracy, and global governance. At the same time, Latin American states are not passive recipients of European strategy. Their expanding relations with China, the United States, and other emerging powers provide them with greater room for manoeuvre and reinforce their pursuit of strategic autonomy.

The resulting transformation raises a broader question about the future of EU–Latin America relations. Is the European Union merely seeking to diversify its trade and reduce strategic dependencies, or is it gradually building a genuinely multidimensional geopolitical partnership with Latin America? This question is particularly important, as a more pragmatic European engagement with strategically valuable partners may create tensions between strategic interests and the Union's normative commitments. The evolution of EU–Latin America relations thus offers an important case study for examining how the European Union can strengthen its strategic resilience while preserving its commitment to openness, multilateralism, democracy, and sustainable development.

1. The Changing Strategic Importance of Latin America

Latin America within a Fragmenting International Order

The international environment of the post-Cold War period was increasingly shaped by economic interdependence, trade liberalisation, and expectations that multilateral institutions would provide a stable framework for cooperation. This environment has become increasingly contested. The return of protectionism, the intensification of geopolitical competition, and the growing use of economic instruments for strategic purposes have contributed to a more fragmented international order, in which trade, investment, and supply chains are increasingly linked to security and political influence.

For the European Union, this development is particularly consequential. The Union remains deeply dependent on an open international economy while facing pressure to reduce strategic vulnerabilities and diversify its external relationships. The search for resilient supply chains, secure access to strategic resources, and more diversified economic partnerships has therefore taken on a geopolitical dimension. Rather than abandoning interdependence, the EU increasingly seeks to manage it in ways that reduce excessive dependencies and strengthen its capacity for strategic action.

Latin America and the Caribbean occupy an increasingly important position in this environment. The region combines substantial natural resources, economic potential, and political relevance with a relatively diversified network of international relationships. Its countries maintain important links with the United States and China while engaging with the European Union and other emerging powers. Consequently, the region cannot be understood simply as an arena where external powers compete for influence. Latin American governments possess their own strategic interests and room for manoeuvre within an increasingly multipolar system.

This has spurred a renewed European effort to strengthen relations with the region. The EU now describes Latin American and Caribbean countries as “partners of choice” for addressing global challenges and defending common interests in a difficult geopolitical environment. The 2025 EU-CELAC Summit further framed the relationship explicitly within a multipolar international environment, emphasising multilateral cooperation, strategic autonomy, and a stronger bi-regional relationship.

From Economic Partner to Strategic Partner

The renewed importance of Latin America should not be seen as a new development. The European Union and Latin American and Caribbean countries have maintained institutionalised relations for decades, including political dialogue, development cooperation, trade agreements, and extensive investment links. Since the first bi-regional summit in Rio de Janeiro in 1999, the relationship has progressively evolved into one of the EU's most extensive external partnership networks. Yet the rationale underpinning this relationship is changing.

Historically, economic exchange and development cooperation were central pillars of EU–LAC relations. Today, these dimensions increasingly intersect with broader strategic concerns. The region's natural resources, renewable-energy potential, and position within emerging global value chains have become more relevant as Europe seeks to accelerate its green transition and strengthen economic security. At the same time, cooperation is expanding into digital connectivity, energy, infrastructure, climate policy, research, and other areas that cannot be reduced to conventional trade diplomacy. The transformation is therefore not simply quantitative, in terms of expanding economic relations, but also qualitative, as economic cooperation becomes increasingly linked to questions of resilience, strategic autonomy and geopolitical positioning.

This transformation is unfolding amid significant political realignments across the region. The growing electoral strength of conservative and right-wing forces in several Latin American countries adds another political dimension to the EU's engagement, particularly as European politics itself has experienced a broader rightward shift. These developments do not imply a uniform ideological convergence between Europe and Latin America, nor should the region's diverse political trajectories be reduced to a single “rightward turn”. Nevertheless, they increasingly shape the political environment in which economic, democratic and geopolitical cooperation takes place. For the European Union, this adds another layer of complexity: the strategic value of Latin American partners may increase precisely when political priorities and interpretations of democracy, social rights, climate policy and international cooperation become more contested.

The EU's Global Gateway strategy exemplifies this broader approach. In Latin America and the Caribbean, the initiative combines investment in digital infrastructure, energy, and transport with objectives for climate action, development, and resilient supply chains. Under the EU-LAC Global Gateway Investment Agenda (GGIA), European commitments leverage more than €45 billion to channel high-quality, sustainable investments into local value creation. Importantly, the EU presents these partnerships not merely as instruments of European economic interests, but as long-term, mutually beneficial relationships grounded in democratic values, high standards, transparency, and equal partnership.

The scale of the existing relationship also provides a substantial foundation for this transformation. At the 2025 EU-CELAC Summit, European and Latin American leaders highlighted that trade in goods had increased by more than 52% over the preceding decade, while bilateral trade in services nearly doubled (+92.7%), contributing to an overall 54% growth in total bi-regional trade in goods and services since 2013. The EU remains the region's leading foreign investor, with more than €741 billion in foreign direct investment in Latin America and the Caribbean recorded in 2022. This financial footprint is increasingly directed towards the clean-energy transition; EU-based firms have also become important investors in Latin American solar and wind infrastructure and in emerging green-hydrogen value chains.

The significance of Latin America for Europe extends beyond conventional market access. The region increasingly serves as a strategic partner in managing economic dependencies, advancing the green transition, restructuring global value chains, and preserving a diversified international order. At the same time, the European approach is becoming embedded in a broader political relationship encompassing multilateralism, climate action, security, democracy, and human rights. This evolution should therefore not be understood as a replacement of trade by geopolitics, but as the gradual geopoliticisation of an already dense economic relationship. The growing political diversity of Latin American partners will, however, increasingly test the EU's ability to reconcile this strategic engagement with its normative commitments—a tension further analysed in Section 4.

The EU–Mercosur Framework

The EU–Mercosur relationship offers a particularly important illustration of this transition. The agreement has long been discussed primarily through the lens of trade and market access, reflecting the substantial economic interests on both sides. Yet its contemporary significance extends beyond tariff reduction. The broader EU–Mercosur Partnership Agreement combines economic relations with political dialogue and cooperation, making it an important test of whether the EU can transform commercial interdependence into a wider strategic partnership.

This evolution is particularly relevant in light of the changing geopolitical context. The EU's interest in closer relations with Mercosur countries is driven not only by market opportunities but also by the need to diversify trade and investment relationships, access strategic resources, cooperate on climate and sustainable development, and maintain open economic relations in an increasingly protectionist international environment. Recent regional economic developments further underscore the strategic value of these ties: Argentina's growing role as a major agricultural producer reinforces the region's importance for European food and supply chains, while smaller, highly open economies such as Uruguay may benefit from expanded market access and increased trade under the agreement. The 2025 EU-CELAC discussions similarly emphasised the strategic importance of closer economic and trade ties, economic security, food security, and the expansion of the network of agreements between the two regions.

The agreement’s institutional development also shows that the relationship cannot be adequately understood as a conventional free-trade arrangement. In January 2026, the Council authorised the signing of both the comprehensive EU–Mercosur Partnership Agreement and an Interim Trade Agreement. The agreement therefore represents not merely an attempt to liberalise trade but an effort to institutionalise a broader framework of economic, political and strategic cooperation between the two regions. This is particularly significant in an international environment in which the EU seeks to diversify its external partnerships while Mercosur countries seek to preserve their room for manoeuvre in a more fragmented global economy.

Taken together, these developments make EU–Mercosur relations an important early example of the broader transformation examined in this paper: the gradual shift from a predominantly trade-centred relationship to a more multidimensional partnership shaped by economic security, geopolitical diversification and competing approaches to development. At the same time, the agreement raises questions that become central in the following sections: whether European diversification can generate genuinely reciprocal interdependence, and whether geopolitical pragmatism can remain compatible with the EU's wider social, environmental and normative commitments.

2. The Geopoliticisation of EU–Latin America Relations

Trade Securitisation and Economic Security

The changing international environment has progressively reshaped the meaning of economic interdependence. Trade is no longer regarded solely as a mechanism for efficiency and mutual economic gains, but increasingly as an element of national and regional security. Supply-chain disruptions, dependence on strategically important imports, and the use of economic instruments for geopolitical purposes have prompted governments to assess commercial relationships in light of the vulnerabilities they may create. For the European Union, this has resulted in the growing importance of economic security as a complement to, rather than a replacement for, its traditional commitment to open trade.

This shift does not necessarily signal a retreat from globalisation. Instead, the EU increasingly seeks to manage interdependence by identifying excessive dependencies, diversifying supply sources and strengthening cooperation with reliable partners. The Commission's recent economic-security approach explicitly links risk reduction to diversification and greater international cooperation, while formally maintaining the EU's commitment to international trade and investment. The challenge is therefore to distinguish between legitimate efforts to reduce strategic vulnerabilities and a broader securitisation of economic relations that could ultimately undermine the openness on which European prosperity depends.

Friendshoring, De-risking and Strategic Diversification

In this context, concepts such as de-risking, friendshoring and strategic diversification have become increasingly prominent in European policy. Rather than pursuing complete economic self-sufficiency, the EU seeks to reduce concentrated dependencies by developing alternative partnerships and building more resilient value chains. This approach is particularly relevant to relations with Latin America, where economic cooperation can simultaneously strengthen European resilience and create opportunities for investment, industrial development and technological cooperation in partner countries.

The distinction between diversification and protectionism remains essential. A European strategy based on diversification can strengthen the Union's resilience while preserving an open international economy; a strategy of indiscriminate protectionism would risk further fragmenting global markets. The EU–CELAC framework increasingly reflects the former approach. At the 2025 summit, both regions explicitly linked the reduction of dependencies and greater strategic autonomy to a continued commitment to fair, sustainable and mutually beneficial trade.

For a progressive European strategy, the objective should not be to replace one dependency with another. Diversification should instead foster more resilient and mutually beneficial forms of interdependence, enabling both regions to strengthen their economic resilience while retaining the benefits of cooperation and openness.

China, the United States and Latin American Strategic Autonomy

The geopolitical dimension becomes particularly evident when EU–Latin America relations are situated between the United States and China. The United States remains an indispensable actor in the Western Hemisphere, while China's economic and diplomatic presence across Latin America has expanded considerably. European engagement consequently takes place in an environment in which Latin American governments have multiple external partners and can pursue more autonomous foreign-policy strategies.

Moreover, this context presents both an opportunity and a constraint for the EU. Latin America can contribute to European diversification, but the EU cannot expect its partners to automatically align with European geopolitical preferences. The 2025 EU–CELAC Summit explicitly framed the relationship as cooperation between regions and recognised the importance of strategic autonomy on both sides, rather than presenting Latin America as an extension of European geopolitical interests.

A genuinely European approach should therefore differ from a simple competition for influence with China or the United States. The EU's comparative advantage lies in offering a cooperative model grounded in multilateralism, sustainable development, social standards and reciprocal economic interests. This requires a structural reframing of European Union policy instruments, moving away from post-Cold War liberal assumptions towards mechanisms that can accommodate the developmental ambitions and sovereign agency of the Global South. Strategic diversification becomes politically meaningful precisely when it strengthens the autonomy of both partners rather than reproducing asymmetric relations. In this sense, the geopoliticisation of EU–Latin America relations should not lead to the instrumentalisation of the region but to a deeper and more balanced form of interregional cooperation.

3. Beyond Trade: The Economic and Green Dimension

The Geopolitics of Critical Minerals

The transition towards a decarbonised economy has fundamentally reshaped the material basis of global power, shifting strategic anxieties from fossil fuels to critical raw materials. Latin America occupies an important position in this emerging green political economy, with major reserves and production capacity for minerals such as lithium and copper, which are essential for batteries, electric vehicles, electricity networks, and renewable-energy infrastructure. For the European Union, securing access to these resources is a prerequisite for achieving its climate neutrality targets under the European Green Deal, while also reducing strategic dependencies on China, which currently dominates global refining of critical minerals. However, this ecological imperative creates significant tensions with partner countries in the Global South. A purely extractive logic—where Latin American economies remain concentrated on exporting unprocessed resources, while higher-value processing, technology, and manufacturing remain elsewhere—could reproduce long-standing patterns of uneven development and environmental vulnerability.

Industrial Policy and Strategic Value Chains

To prevent the revival of extractivism, contemporary bi-regional cooperation must be integrated with active industrial policy and local value creation. Several Latin American governments are increasingly seeking to link access to natural resources with technology transfer, domestic processing capabilities, and localised industrial development. The EU's Global Gateway initiative offers an institutional framework for pursuing these objectives by financing green hydrogen projects, sustainable transport infrastructure, and domestic processing plants across countries such as Chile, Argentina, and Brazil. From a progressive political-economy perspective, integrating Latin American economies into strategic value chains requires moving beyond a narrow market-access approach towards state-supported industrial strategies that promote domestic value creation and technological upgrading. Aligning European technological capabilities with Latin America's industrial ambitions can generate local employment, foster domestic innovation, and move beyond raw-material export dependencies, laying the structural foundations for genuine industrial upgrading in the Global South.

Towards More Balanced Interdependence?

Transforming these economic arrangements into a genuinely balanced form of interdependence remains a complex task. While European rhetoric emphasises mutual benefit, transparency, and high environmental, social, labour and governance standards, structural asymmetries persist. European regulatory frameworks—such as the Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation Regulation (EUDR)—can impose significant compliance costs on Latin American producers and, in some contexts, may be perceived as asymmetric regulatory requirements that disproportionately affect smaller producers and economies. For bi-regional relations to evolve beyond asymmetric trade, the EU must move from unilateral regulatory enforcement towards collaborative governance. This requires establishing joint monitoring mechanisms, providing adequate financial and technical assistance for local compliance, and supporting sovereign development strategies, rather than relying primarily on unilateral regulatory requirements. By aligning European resource security with Latin American industrial policy more precisely and adequately, the two regions may build a resilient, reciprocal, and socially just green partnership.

4. The EU's Normative Dilemma

Democracy and Electoral Legitimacy

Brazil: Strategic Cooperation and Democratic Resilience

Brazil offers perhaps the clearest example of how strategic cooperation and normative convergence can coexist without resulting in full geopolitical alignment. As the largest economy in Latin America and one of the region's most important actors in agriculture, energy, climate governance, and international diplomacy, Brazil holds a central place in the European Union's regional strategy. Its importance extends beyond bilateral trade: Brazil is indispensable to the green transition, critical raw material supply chains, food security, Amazonian environmental protection, and the broader strategic architecture of EU–Mercosur relations.

The Brazilian case is particularly useful for distinguishing between democratic convergence and geopolitical alignment. The consolidation of democratic institutions following the intense political polarisation and institutional confrontation during the Bolsonaro years has strengthened the basis for cooperation with the European Union. At the same time, Brazil maintains a foreign-policy tradition centred on strategic autonomy and the diversification of external partnerships. Its active engagement within the expanded BRICS framework and its non-aligned position on major international conflicts demonstrate that democratic compatibility does not automatically translate into alignment with European geopolitical interests.

This distinction is crucial to the EU's broader approach to the region. A European strategy that frames democratic partnership as diplomatic subordination risks misjudging the foreign-policy preferences of its partners. Brazil may uphold democratic institutions, multilateralism, and climate commitments while expanding relations with China, Russia, and emerging Southern powers. Such autonomy should not be construed as a direct challenge to European interests. On the contrary, it underpins a more mature interregional relationship in which cooperation operates without ideological dependence.

Brazil shows that European normative power is most effective when embedded in reciprocal institutional cooperation rather than as a mechanism for external political discipline. The objective should not be to turn Latin American partners into geopolitical extensions of Europe, but to establish common ground on democracy, sustainable development, social inclusion, and multilateralism while respecting distinct foreign-policy orientations.

The forthcoming 2026 presidential election further illustrates the political contingency of this relationship. President Luiz Inácio Lula da Silva has launched his re-election bid, while the Bolsonaro camp, represented by Senator Flávio Bolsonaro, remains a significant force in the electoral contest. Recent polling continues to place Lula ahead, though the narrowing gap suggests a conservative return cannot be ruled out. The outcome will therefore matter not only for Brazil's domestic political trajectory but also for the European Union's regional strategy. A possible return of a more conservative government would not necessarily imply a rupture in EU–Brazil relations, given the structural importance of trade, climate cooperation, Mercosur and Brazil's position in the international economy. Rather, it would provide another test of whether the EU could maintain a substantive partnership across ideological differences while preserving its commitment to democratic institutions, environmental governance and multilateral cooperation. In this sense, Brazil demonstrates that the durability of EU–Latin America relations cannot depend on ideological alignment alone, but must rest on institutionalised cooperation capable of surviving political alternation.

Venezuela: Geopolitical Pragmatism and Democratic Conditionality

Venezuela lies at the opposite end of this normative spectrum. The country's prolonged political, economic, and humanitarian crisis has historically placed European diplomacy in an exceptionally complex position. Questions of electoral legitimacy, political repression, human rights, and democratic representation intersect with

Venezuela's strategic weight as an energy producer and with the broader geopolitical contestation in the Caribbean and the Western Hemisphere.

The Venezuelan case illustrates the limits of rigid normative conditionality when strategic circumstances shift. The deterioration of Venezuela's institutional framework has encouraged European sanctions and diplomatic isolation, while simultaneously making humanitarian engagement urgent. Shifts in global energy markets and regional dynamics have created further incentives for pragmatic engagement. The EU consequently faces a delicate balancing act: supporting democratic institutions and electoral legitimacy while maintaining diplomatic channels and responding to humanitarian crises.

The events of 2026 provide a striking illustration of this dual imperative. Following catastrophic earthquakes in Venezuela, the European Union activated civil protection mechanisms, providing immediate emergency assistance and mobilising an additional €20 million in humanitarian funding, while deploying rescue teams and medical experts from Member States. This response is significant not because humanitarian aid resolves Venezuela's deep political crisis, but because it demonstrates that European action can proceed through technical and humanitarian channels even when high-level political relations remain constrained.

European normative power should not be reduced to sanctions, conditionality, or diplomatic pressure alone. Humanitarian assistance, institutional support, and crisis diplomacy are vital forms of external action. However, humanitarian engagement should not be seen as a substitute for a coherent democratic policy. The challenge for the EU is to maintain humanitarian solidarity without allowing energy imperatives or strategic pragmatism to dilute its principled stance on electoral legitimacy and human rights.

Venezuela ultimately exposes the limits of European normative ambitions. When strategic interests, energy security, and regional stability converge, European policy is rarely guided solely by normative principles. The question is therefore whether strategic pragmatism can be embedded within an institutional framework in which democratic legitimacy and human rights remain substantive—rather than purely rhetorical—components of European engagement.

Political Realignments, Conservative Convergence and European Engagement

The normative dilemma becomes even more complex when considering recent electoral shifts across Latin America. Chile, Peru, and Colombia offer three clear examples of a political realignment in which conservative, right-wing, and hard-right forces have gained substantial influence. Rather than reflecting a uniform ideological transformation, these developments point to a fragmented political landscape in which order, public security, migration control, economic liberalisation, and anti-establishment sentiment increasingly redefine traditional left–right dynamics.

Chile illustrates this dynamic clearly. The election of José Antonio Kast in 2025 marked a distinct conservative turn, emphasising security, migration management, and traditional social values. The European Union responded by reaffirming its commitment to deepen cooperation under the Advanced Framework Agreement and explicitly linking the relationship to democracy, human rights, the rule of law, and the green and digital transitions. This juxtaposition is analytically significant: ideological divergence did not prevent the EU from treating Chile as a key strategic partner, nor did it prompt the EU to abandon its normative vocabulary.

Peru presents a more complex scenario. The 2026 general elections were highly polarised, culminating in Keiko Fujimori's election. The EU combined institutional engagement with normative principles: after deploying a comprehensive Election Observation Mission, European institutions acknowledged the result while emphasising inclusive governance, institutional stability, and democratic guarantees. This demonstrates how the EU seeks to safeguard democratic frameworks while engaging with governments whose political orientation differs markedly from European institutional norms.

Colombia further underscores the importance of institutional continuity amid political shifts. The 2026 elections resulted in the victory of Abelardo de la Espriella, with the electoral process monitored by EU and OAS observation missions. Spain played an active role in these observation efforts and subsequently reaffirmed the strategic partnership between Madrid and Bogotá, based on shared historical, economic, and Ibero-American ties. The Spanish role highlights an important dimension: EU–Latin America relations are not conducted solely through Brussels. Member States with deep historical and cultural connections serve as essential diplomatic bridges between European institutions and Latin American political actors.

These developments invite a cautious comparison with Europe's internal political trajectory. The electoral rise of right-wing and radical-right parties across several EU Member States, together with changes to the European Parliament's composition, has elevated issues of migration, national sovereignty, competitiveness, and security in European discourse. However, Latin American conservative movements stem from distinct national trajectories and socioeconomic structures; they cannot be reduced to simple equivalents of European right-wing parties. What remains comparable is the structural pivot towards security, state sovereignty, and economic pragmatism, driven by public dissatisfaction with established political elites.

This realignment poses new challenges for the EU's normative strategy. Ideological affinities between conservative political actors across Europe and Latin America may streamline cooperation on trade, investment, and security. Conversely, they may complicate European advocacy for gender equality, social rights, environmental regulation, and international climate agreements. The result is not a total breakdown of European normative power, but a more selective and politically contested application.

Electoral Observation Missions remain a critical institutional tool in this context, enabling the EU to engage with democratic processes regardless of which political faction prevails. Rather than attempting to influence specific electoral outcomes, Europe should focus on safeguarding the procedural integrity and the institutional conditions of democratic competition. When coupled with humanitarian diplomacy—as demonstrated by emergency responses in Venezuela and Colombia—this approach allows the EU to sustain a meaningful normative presence grounded in institutional responsibility and respect for political sovereignty.

5. From De-risking to Reciprocal Interdependence

Beyond Resource Security: Industrial Upgrading and Local Value Creation

The analysis presented above suggests that the central challenge facing EU–Latin America relations is not simply securing access to strategic resources, but reorganising the economic relationship around forms of interdependence that are both resilient and developmentally balanced. The European Union undoubtedly has strong incentives to diversify its supply chains and secure access to critical minerals, agricultural commodities, and renewable-energy resources. Yet a strategy centred exclusively on securing raw material supplies risks reproducing a familiar extractive pattern, in which Latin American economies remain concentrated on the export of primary commodities, while higher-value processing, technology transfer, and advanced industrial capabilities remain concentrated elsewhere.

This concern is particularly critical in the context of the green transition. Latin America's reserves of lithium, copper, and other strategic minerals give the region significant leverage in emerging global value chains. Crucially, these reserves offer a structural opportunity for producer countries to pursue industrial upgrading rather than simply expanding extraction capacity. European cooperation may directly support this process through substantial investments in processing infrastructure, technology transfer, joint research initiatives, and specialised skills development. The strategic objective highlighted here must therefore be to align European demand for critical raw materials with Latin American efforts to capture a greater share of value creation domestically.

Such an approach may simultaneously enhance the structural resilience of European supply chains. Diversification is far more sustainable when partner countries maintain a direct stake in long-term productive relationships rather than acting merely as raw material providers. Economic security and development policy need not be framed as mutually exclusive priorities; within robust institutional frameworks, they are mutually reinforcing.

Strategic Autonomy and the Developmental State

The concept of strategic autonomy requires a broader, less Eurocentric framing. For the European Union, strategic autonomy cannot realistically entail economic self-sufficiency, nor can diversification entail replacing one form of external vulnerability with another. The same principle applies to Latin American partners. Their growing engagement with China, the United States, Europe, and other emerging powers provides them with greater room for manoeuvre and reflects their legitimate pursuit of strategic autonomy.

A more balanced relationship requires European institutions to explicitly recognise the developmental state and domestic industrial policy as legitimate components of sovereign economic strategy. In fact, Latin American governments increasingly seek to leverage natural-resource wealth to foster domestic processing, technological capabilities, and employment creation rather than remain bound to commodity cycles. In effect, European diplomacy ought to avoid constraining these domestic development goals through a narrow market-access or extractive agenda. Instead, it may provide capital, technology, and regulatory cooperation that complement domestic development frameworks.

The EU's primary comparative advantage lies in its capacity to combine investment and market access with regulatory, technological, and institutional cooperation, particularly in areas of joint governance. Instruments such as Global Gateway, the EU–Mercosur framework, and broader EU–CELAC mechanisms may serve as vehicles for this strategy, provided that local value creation, technology sharing, and reciprocal benefits are built into their core implementation architecture.

Moreover, this approach offers a distinct alternative to both traditional neoliberal trade paradigms and defensive protectionism. Furthermore, the objective is neither to eliminate economic interdependence nor to maximise European control over strategic supply chains, but to render interdependence structurally resilient and more equitably distributed. In other words, European strategic autonomy and Latin American strategic autonomy ought to be conceptualised as complementary rather than competing geopolitical projects.

Democracy, Social Rights, and the Politics of Interdependence

Economic transformation, however promising growth, cannot be divorced from its political and social consequences. The normative dilemmas mentioned above are therefore inherently economic. Were European investment and regulatory requirements to generate adjustment costs that fall disproportionately on Latin American producers, local workers, or indigenous communities, an incident of social strain or structural abuse may arise, thereby eroding the democratic legitimacy of the partnership, even if aggregate economic indicators appear positive.

A sustainable model requires integrating environmental, labour, and social standards into cooperation agreements without turning those agreements into vehicles for unilateral conditionality. This entails a shift towards joint compliance monitoring, technical assistance, dedicated adaptation financing, and institutionalised stakeholder dialogue. Moreover, it requires recognising that democratic resilience can be sustained not only through procedural elections but also through the social and economic conditions that enable citizens to exercise effective democratic agency.

Consequently, the EU's normative authority is most credible when democratic values are embedded in reciprocal institutional cooperation rather than asserted independently of local socioeconomic realities. This imperative is particularly urgent in a region that experiences pronounced political alternation. As demonstrated by the trajectories observed in Brazil, Chile, Peru, and Colombia, the EU is required to cultivate durable institutional mechanisms capable of sustaining cooperation across administrations with differing ideological orientations.

The resulting paradigm is, in effect, neither a standard commercial agreement nor a conventional donor–recipient aid framework. It represents an effort to build politically embedded interdependence, so as to ensure that economic security, industrial development, environmental sustainability, and democratic institutions are treated as mutually reinforcing dimensions of a unified interregional strategy.

Conclusion: Strategic Implications for the EU–Latin America Partnership

The transformation examined throughout this study shows that the EU has a pivotal opportunity to redefine its relationship with Latin America amid profound geopolitical fragmentation. While the region is increasingly indispensable to European economic security, supply chain diversification, and climate goals, Latin American states are actively asserting strategic autonomy and resisting total alignment with any single external power. As a consequence, the region must not be treated merely as an arena for external influence but as an active global actor shaping a multipolar international order, particularly through its renewed multilateral engagements.

Regarding the European Union’s stance, its strategic goal should be to set a prerequisite that decision-makers avoid two flawed extremes. A purely transactional strategy would reduce Latin America to a source of commodities, export markets, and diplomatic votes, thereby dismantling the normative and developmental dimensions that distinguish European engagement. Conversely, an excessively prescriptive approach would overlook the political agency, national sovereignty, and diverse developmental needs of Latin American societies. A viable strategy lies between these poles: deepening geopolitical and economic alignment while respecting political sovereignty, institutional diversity, and constitutional procedures.

Achieving this requires European foreign policy to shift from defensive de-risking towards reciprocal resilience. Strategic partnerships must deliver not only secure European access to critical inputs but also capital investment, technology transfer, and industrial capabilities in partner nations. Politically, beyond maintaining trade flows, the EU ought to maintain institutional continuity across changing political cycles, upholding human rights and safeguards against state or institutional abuse through consistent, cooperative mechanisms rather than selective pressure.

All in all, the future of EU–Latin America relations will, in the near future, depend less on temporary ideological alignment and more on the institutional capacity to sustain cooperation across political transitions. The region's growing political diversity, alongside Europe's evolving domestic political landscape, makes institutional resilience paramount. In conclusion, the EU's true strategic opportunity is not to carve out an exclusive sphere of influence, but to anchor a durable interregional partnership that enables both regions to enhance their autonomy through fairer, deeper, and more balanced interdependence.