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Four Latin American Summits and Brazil's Leadership

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Summary

Four presidential summits were held simultaneously in Brazil in December 2008, raising some prospects for change in the region.

Introduction

On 16-17 December 2008 three presidential summits were held simultaneously in the Brazilian resort town of Costa do Sauípe, in the state of Bahia, either to engage in political dialogue (via the Río Group) or as an initiative of bodies created to encourage processes of regional integration of varying geographical scope (Mercosur and Unasur).¹ Around those same dates Brazil, the organiser of these meetings, also convened a fourth summit, this one bringing together the countries of Latin America and the Caribbean, a summit unprecedented in the nearly 200 years of independence of most of the continent.

The press reviews of these meetings were generally positive. But an analysis that takes a step back from the immediacy of the news cycle must introduce some additional observations, pointing out not only the successes that were achieved but also the limitations and contradictions that diplomacy in Latin America and the Caribbean faces on a daily basis. This diplomacy is subject to numerous sources of tension and tends to act with premises that are not entirely founded. The presence of nearly all the region's leaders –the only ones who did not attend were Álvaro Uribe of Colombia and Alan García of Peru– and of all the governments (33 altogether) provides for an overview of the state of the region, the alliances that exist and conflicts that were addressed, as well as the evolution of other issues that are also important. Therefore, this study presents the conclusions reached at the four summits held in Costa do Sauípe, while at the same time trying to measure them against the distinct realities intrinsic to Latin America and the Caribbean, at both the global and sub-regional levels.

The Four Summits

Now that the intense media coverage of the four summits held on 16-17 December in Costa do Sauípe –an exclusive sea resort in the state of Bahia– has died down, this is the time to examine the result of those meetings, and at the same time to look at the prospects and possibilities they have raised for the various diplomacies in Latin America and the Caribbean. Given the scope of the four summits, and their overall goals, this is also a good moment to analyse some of the overall problems that affect the region, as well as the main bilateral and multilateral conflicts that remain active at present.

Judging by press headlines focusing on immediate news and inclined to depict major achievements and absolute truths, one would think those 48 hours of meetings yielded major breakthroughs for the future of Latin American diplomacy and integration. In this spirit, the Cuban press agency Prensa Latina ran this banner headline 'Historic step in Costa do Sauípe' and said: 'Latin America and the Caribbean moved beyond... a major obstacle by dodging the wall of the powers and being independent for the first time in nearly 200 years'.² Reuters said 'Latin America and the Caribbean

¹ For now, Mercosur is limited to Argentina, Brazil, Paraguay and Uruguay, while Venezuela's full incorporation is pending. Bolivia, Chile, Colombia, Ecuador and Peru have associate status. Unasur includes all the countries of South America.

² See http://www.cubadebate.cu/index.php?tpl=design/especiales.tpl.html&newsid_obj_id=13537.

take a step towards unity and independence’,³ while the online Bolivian publication *Nueva Crónica* hailed ‘the new protagonism of Latin America’.⁴ A long list of headlines could follow, most of them triumphant-sounding but less interested in talking about what really happened. Actually, this is nothing new. It is practically a given that, after Latin American summits, the results achieved are almost unanimously described as positive.

Clearly, the summits did chalk up some notable successes. Highlights would include the following: (1) the strengthening of Brazil’s leadership, seen in most analyses as the big winner in its role as organizer of the meetings; (2) Cuba’s full incorporation into the Latin American system; (3) the fact that a summit of this nature was held without involvement from the US or the EU (or any of its member states); (4) the creation of a continental alliance without the US or Canada; (5) approval of the South American Defence Council (along with the South American Health Council, which is mentioned less frequently but is just as important or even more so); and (6) the possibility that Latin America will coordinate its future dealings in the G-20, where for the time being it is represented by Argentina, Brazil and Mexico. Certainly each of these points deserves greater attention and what has happened is a major step in the formulation of some key policies for the region’s international role. However, each of the issues must be properly examined to gauge the magnitude of what the Latin American Presidents and Caribbean Prime Ministers achieved at the summits.

As expected, one of the words repeated most often during these two days of intense presidential-level meetings was ‘integration’. In myriad ways, regional integration –in this case (and in many others) a synonym for unity– was depicted as a key tool for overcoming the economic crisis and the major problems faced by the region as a whole. Still, at no point was it defined what kind of integration people were talking about and above all, what geographical area it should cover. Appearances aside, this is no minor issue because the summits were attended by countries belonging to different geographical groupings which could even be contradictory. The meetings involved nations that belong to Mercosur, Unasur, the Rio Group and even the recently convened Latin American and Caribbean Summit (CALC in Spanish). But also present were countries from the groupings known as CAN, the CARICOM, ALBA and SICA, among others. This is all good evidence of the alphabet soup that Latin American regional integration has become.

While President Rafael Correa of Ecuador call it a ‘combo-summit’, Julio Burdman used the term ‘hyper-summiteering’ in reference to the meetings in Costa do Sauípe. Burdman said he discerned in this event, so unique and unprecedented in the recent history of Latin America, an attempt to fuse the various regional initiatives, while at the same time a ‘a new definition of the concept of integration’⁵ was outlined. But it is hard to find the true meaning of this new definition, beyond the creation of new mechanisms for political dialogue that add to the already long list of previous attempts. But even if it does really exist, this new concept fails to resolve the problem of a lack of definition in terms of what regional integration really should be.

Brazilian Leadership

The idea that Brazil has finally decided to act as regional leader is excellent news in and of itself. It was high time that Brazil’s government and diplomats realized that, in order to be a global player, the country needs a strong role in its own region. But neither was really sure what steps to take to achieve this, nor aware of the advantages that would come with fully assuming the costs of regional leadership. What is more, to a large extent Brazil is still pursuing certain symbolic gestures, such as obtaining a permanent seat in a hypothetical, enlarged UN Security Council,⁶ rather than give off

³ <http://lta.reuters.com/article/domesticNews/idLTASIE4BG1XD20081217>.

⁴ http://www.institutoprisma.org/031_nueva_cronica.pdf.

⁵ Julio Burdman, ‘El hipercumbrismo y la batalla semántica por “América Latina”’, *Infolatam*, http://www.infolatam.com/entrada/el_hipercumbrismo_y_la_batalla_semantica-11684.html

⁶ In the first place, this would require completion of reforms of the UN, a process that could still take a few years.

signs of power which, in a positive way but in a slower fashion than expected, have in fact begun to emerge.⁷ After some hesitation –recall the refusal of the new government of President Luiz Inácio Lula da Silva in early 2003 to finance a programme to purchase warplanes for the Brazilian air force at a cost of US\$760 million– Brazil has become convinced that it needs armed forces that suit its circumstances and cannot be threatened by the growing power of Venezuela or that of any other country in the region. This is seen clearly in the key points of the *Estratégia Nacional de Defesa*,⁸ devised by the government of Brazil.

Among the governments that took part in the various summits at Costa do Sauípe, and in international public opinion, there was a general consensus on the role that Brazil should play and was playing this time as regional leader. This was clear in the organisational capacity shown before, during and after an event of such magnitude and the drawing power of Lula (as mentioned earlier, only Álvaro Uribe and Alan García were non-attenders).

Benevolence towards Brazil was even greater abroad, especially in Europe and the US, than in Latin America itself. An article in the *The New York Times* went so far as to say ‘Brazil once again flashed its credentials as the undisputed leader of Latin America’.⁹ After all this display of muscle, Brazil rounded it off with a series of important bilateral meetings in Costa do Sauípe, with an official visit by Raul Castro to Brasilia, albeit with no promise of a follow up, a Brazil-EU summit and a visit by the French President Nicolas Sarkozy, all of which took place in late December 2008.

Despite these shows of authority, Brazil is still debating, as Alfredo Valladao points out, between being ‘first among the poor or last among the rich’.¹⁰ As mentioned, both the government of Brasilia and the country’s ruling elite are still indecisive about the inevitable task of assuming the costs of leadership. It is not just a matter of economic costs, however, but rather also the political ones. And this is something which, for a long time, successive Brazilian governments have not included in their plans.

Perhaps one of the most significant and illuminating examples is Brazil’s refusal to join the OECD (Organisation for Economic Cooperation and Development) even though the organisation has invited it to do so. The unofficial explanation from the Brazilian Foreign Ministry and government is that Brazil will not join because it has nothing to gain from membership (‘What does Brazil get out of this?’). This situation is in contrast with the position of Mexico, which signed up with the OECD in 1994.¹¹

Secondly, having a permanent seat on the Security Council would force Brazil’s government to adopt positions on all international conflicts, and in many cases this would oblige it to abandon the ‘neutrality of exercise’ that Brazil has observed in recent years. Maintaining permanently its drive for such a seat would also mean leaving open Brazil’s competition with Argentina and Mexico, which also wants seats on the council.

⁷ This would be seen in the strong positions that Brazil maintains in the conflicts it still has pending with Bolivia, Ecuador and Paraguay. However, neither Lula nor the Brazilian Foreign Ministry want to reach the point of open confrontation in any of these cases.

⁸ <http://www.defesa.gov.br>

⁹ http://www.nytimes.com/2008/12/17/world/americas/17latin.html?_r=1&partner=rss&emc=rss

¹⁰ http://www.estadao.com.br/nacional/not_nac294551,0.htm

¹¹ Miguel Ángel Gurría is currently Secretary General of the OECD.

The intangibles in this scenario include the idea of taking sides, which the Brazilian authorities so far have not been keen on. Examples are its sterile neutrality in the conflict between Argentina and Uruguay over the building of two pulp mills in the Uruguayan city of Fray Bentos,¹² or with regard to Hugo Chávez. Indeed, it was the Venezuelan President who said, in a dig clearly aimed at Lula, that Brazil might be the leader of Latin America but that it was only one among many.

In order to establish its leadership, Brazil concentrated on a series of activities, beginning with the planning, convening and holding of these four summits. But at the same time it continued putting out a message with clear tones of protest and assertiveness in favour of Latin America, making constant references to the international financial crisis, and concluded with the launching of the South American Defence Council. The risk of holding four meetings at once is evident if one takes into account the magnitude of the challenge. It was not just a matter of convening presidential summits for the organisations Unasur and Mercosur, events which are relatively common and go smoothly for the region's diplomats, but also to add to them summits for the Rio Group and try something totally new: a summit of Presidents and Prime Ministers of Latin America and the Caribbean, without the participation of the US or the EU, both as a regional organisation or with some of its member states, basically Spain and Portugal.

Lula's message as he opened the Latin American and Caribbean Summit on Integration and Development (CALC in Spanish) was clearly assertive and rich in references to the independence of former European colonies ('this is the first time in two centuries that the region has joined forces'), the region's role ('we want to be protagonists and not mere spectators in the theatres in which the prospects for well-being and prosperity of our peoples are decided'), the challenges of integration and development, and calls for Latin America and the Caribbean to rise to the occasion. Unity and its prospects for raising people's living standards was another of the issues Lula focused on in his address: 'We all know that this economic and financial crisis is an opportunity to come together and do what we should have done a long time ago', he said. 'The more we come together, the more opportunities we will have to be heard on the world stage and overcome a crisis that we did not cause'.

On the crisis, Brazil's message centred on two very specific points: the origin of the crisis lies outside the region, and only a united Latin America can dodge the threats that overshadow its future. In this respect, Lula's message was not very different from that of other Latin American Presidents.¹³ He repeated several times that, although the countries of Latin America are not responsible for the world's economic woes, it can make a substantial contribution towards solving them. Latin America, he said, is not part of the problem but can and must be part of the solution. In the same spirit, Lula said: 'In recent years, our countries took major steps in the direction of sustainable growth and economic stability. It is not acceptable for our legitimate expectations to be thwarted now'.¹⁴ It is worth noting that Lula and other Brazilian officials, such as Foreign Minister Celso Amorim, placed an emphasis on talking about Latin America. This is not frequent among Brazilian leaders, who tend to focus more on South America.

¹² It is at the very least surprising that President Néstor Kirchner had to seek the 'facilitation' of the King of Spain to resolve the conflict, when Lula was in the best position to do it. On the conflict over the pulp mills, see Carlos Malamud, 'Pulp Mills Divide the River Plate', ARI n° 33/2006, Elcano Royal Institute, http://www.realinstitutoelcano.org/wps/portal/ri/elcano/contenido?WCM_GLOBAL_CONTEXT=/Elcano_es/Zonas_es/America+Latina/ARI+33-2006.

¹³ One of the most combative is the Argentine President Cristina Fernández, who said on 30 December 2008: 'Until now there has been talk of the crisis in the US, but in light of what is apparent we should be talking about international fraud in major centres of power... Now, when it has been discovered that it was all a huge fraud by the financial sector that affected the whole world, some start to talk about the lack of regulations and a new role for the State', http://www.lanacion.com.ar/nota.asp?nota_id=1085427.

¹⁴ <http://www.cesla.com/gaceta/noticia.php?ti=2&idi=11336>

However, Lula's assertive stance peaked in a closed-door session which, through an error by organisers, was broadcast and could be heard by reporters in the press room. In this case Lula urged his colleagues not to be soft in their dealings with the US, saying an 'excessively servile' political stance leads to not being treated properly or respected. So in order to be respected, he said, each country has to express its own point of view because this is the kind of language that the US understands clearly, starting with expressing the importance of having relations with all countries.

Lula insisted on the need to establish a more mature relationship, based on new premises in the dialogue with Washington. In the past, almost all the countries of Latin America competed to see which was closest in its ties with the US, since the measure of a leader's importance was being invited to the White House by whoever was President at the time. These days, things have changed. Although no one questions American supremacy, especially in military and technological issues, there are new possibilities: 'No one wants to stop doing business with the European Union or the United States, not even Chávez, but we want to do it on legitimate and adequate terms, and to be able to discuss new possibilities'. Otherwise, Lula said, Latin America will not grow and its countries, seen as being on the periphery of the international scene, will remain poor.

Lula said the current crisis provides an excellent opportunity to re-tool the economy because the current models, which stem from the Bretton Woods accords after World War II, are not infallible. He extended his criticism to the IMF and the World Bank, saying they 'have still not spoken out on the financial crisis that began in the United States'. So Latin America should ask those bodies and the UN not just to clear up the current crisis but also to establish the foundations of a new international economic order.

In line with a sentiment that is quite common in the region,¹⁵ Lula also defended the role of the State in the current situation and defended the policy of greater state-sector spending. He said, 'it is not time to engage in the kind of reforms that were carried out in the 1980s. It is time to say that, faced with the failure of the market, the only thing we can believe in is the State'. Indeed, both in the US and the EU, it was the State that stepped in to save banks, a State that has gone from 'not being worth anything' to becoming the 'saviour of the fatherland'.

Here, Lula also said he wondered what Barack Obama's policy towards Latin America would be. He said he wanted Washington to have clear goals with Venezuela and improve its relations with other countries, starting with Cuba, as there is no reason whatsoever for the US to maintain its economic and political isolation of that country. Summing up the results of the summit of Latin America and the Caribbean, Lula said Latin America will take 'a bigger step' when it meets first in Mexico and later in Venezuela.¹⁶

The emergence of Brazilian leadership is triggering reactions from some other countries of the region, especially from those who want more from the new leader.¹⁷ Without a doubt, and because the agenda is too complicated, this is one of the big challenges for Brazilian diplomacy in the immediate future because the various countries have their own particular demands, along with a long list of gripes. Such is the case of Bolivia, Ecuador and Paraguay, each of which has its own set of demands it is making of the Brazilian giant.

¹⁵ Countries such as Chile, Colombia, Peru, Mexico and El Salvador are the most far removed from the current statist discourse, although under no circumstances do they contradict it.

¹⁶ http://www.diariolibre.com/noticias_det.php?id=181843

¹⁷ Alfredo Valladao says: 'For years, we sought compensation for US investments in Brazil. We [Brazil] are for Latin America what the US represented for us. Now we are the "big guy" in the neighbourhood. And the big guy has to get used to being annoyed. Brazil's weight and economic power cause others to see us in two ways, as a partner but also as a threat. And as we are not paying the price of leadership, the feeling of antipathy is growing' (http://www.estadao.com.br/nacional/not_nac294551,0.htm).

Argentina, Brazil's traditional rival, is not certain either as to what position to adopt in this new situation.¹⁸ On one hand, in line with old habits, Argentina favours more or less open confrontation with Brazil. But at the same time Argentina's leaders know there is not much to be gained from this and thus consider a variety of cooperation policies. This is what is happening with the South American Defence Council, and the possibility of the Argentine manufacturing sector hooking up in some way with the Brazilian defence industry.

Ecuador has had problems of late with Petrobras in the renegotiation of a contract for operating an oil field; it has also expelled the construction company Odebrecht because of problems in the construction of the San Francisco hydroelectric dam. As a result of this, it had declared null and void a US\$234 million debt with Brazil's National Bank of Economic and Social Development (BNDES), which Ecuador had been refusing to pay. Brazil's response was harsh, with Lula recalling his Ambassador from Quito for consultations. After bilateral talks between Lula and Correa at the Costa do Saúpe summits, the two countries managed to ease the crisis, although the Ecuadoreans continued to insist for some time that all the blame and mistakes were Brazil's, not Ecuador's. Throughout those days of the summits, Correa was emphatic about this. In the end, at the last minute (29 December 2008), Ecuador decided to pay US\$28.1 million, the part of the principal and interest that was due. The payment was made after Lula's adviser for international affairs, Marco Aurelio García, told media in his country that the crisis with Ecuador was over and that the Brazilian Ambassador to Quito, who had been recalled for consultations a month earlier, could now return to his post.¹⁹

Paraguay, meanwhile, is pressing Brazil for better terms in the excess energy produced at the two countries' shared dam at Itaipú. These claims have become more insistent since Fernando Lugo came to power in Paraguay. The new Paraguayan government has linked this claim to its efforts to fight corruption and boost tax revenues in order to develop new social programmes. The issue has become more complicated. And Brazil feels Lugo, who supports liberation theology, is trying to up pressure over the dam by approaching the Landless Peasants Movement (MST) in Brazil and other social movements.²⁰ For some time now the authorities in Asunción have also been complaining about how they are treated by Brazil and Argentina in Mercosur institutions.

Relations with Brazil have turned tense because of Brazilian military manoeuvres on the shared border and by a threat from the Paraguayan government to seize farmland, mainly used to grow soybeans, that is owned by Brazilian citizens (known as *brasiguayos*). The status of the *brasiguayos* has become a constant concern by the Brazilian government, so much so that that in late 2008 the Foreign Minister Celso Amorim sent the Chamber of Deputies a report explaining the threat that landless Paraguayan peasants represent for thousands of *brasiguayos* that own land in Paraguay.

¹⁸ Felipe de la Balze's article 'Pensar en serio la integración regional' looks at those fears (<http://www.clarin.com/diario/2008/10/12/opinion/o-01779860.htm>): 'Unasur and [the] South American Defence Council, sponsored by Brazil, are initiatives that appear to be important but they are precarious in terms of substance. In the case of Unasur... it was not necessary to create a new institution to promote dialogue among presidents, and what is more... it excludes México and... the Caribbean and Central America from the integration project. In the case of the South American Defence Council... its ultimate goals are inconsistent with our traditional policy of not accepting military leadership from third countries... Both projects coincide with the Brazilian strategy of projecting itself as leader of South America on the world stage so as to gain more room to manoeuvre in international negotiations that interest it directly... In these times of crisis... it is essential to once again define Argentina's strategy for regional integration. In order to make integration better, we must leave rhetoric behind and work with realism to rethink Mercosur so as to balance our interests with... Brazil, re-establish a fruitful relationship with Uruguay and implement specific acts of physical, economic and political integration and military cooperation with our neighbours, without abandoning the rest of Latin America or losing sight of our sovereignty'.

¹⁹ <http://www1.folha.uol.com.br/folha/dinheiro/ult91u484378.shtml>

²⁰ Brazil's Presidency has ordered the Brazilian Intelligence Agency (Abin) to investigate probable links between the Lugo government and the MST, especially after one peasant leader, Roberto Baggio, said Eletrobrás pays very little to the Paraguayans and 'the ones who really come out on top are the big foreign economic groups who buy that energy at a cheap rate' (<http://www.lanacion.com.py/noticias-223299.htm>).

The situation has worsened with the election of Fernando Lugo and his promise of land reform, which have ‘exacerbated tensions’ in the countryside.²¹

It is obvious that Brazil is determined to take some steps in the proper direction of consolidating its regional leadership, although for now it does not seem to be following a clear strategy with the rest of the countries of South America, especially the smaller and poorer ones such as Bolivia and Paraguay. With regard to Bolivia, after the expiry of the tariff benefits it was granted by the US under ATPDEA (Andean Trade Promotion and Drug Eradication Act), Brazil decided to buy US\$30 million worth of Bolivian textiles. In order to do this, it was necessary to modify a Mercosur rule that barred imports of Bolivian textiles due to the origin of the raw material used to make them.²²

Here, it will also be interesting to see how Brazil responds to Bolivian demands with regard to the consumption of gas in its domestic market,²³ an issue which also shows that, rhetoric aside, energy is still a long way away from becoming the motor of regional integration. However, this apparent clarity of goals that Brazil has with Bolivia does not appear in its relations with the other countries we have mentioned. This might be because Lula has more empathy for Evo Morales than for Correa or Lugo. It might also be that, although the Brazilian government wants to remove these countries from the orbit of Venezuelan influence, it does not want to sever the strong relations it enjoys with Hugo Chávez.

ALBA Counterattacks

Throughout the summit, the countries that belong to the ALBA (the Spanish acronym for Bolivian Alternative for the Americas) –Venezuela, Bolivia, Nicaragua, Honduras, Dominica and Cuba–, along with Ecuador, which is considering joining the group, showed a more combative stance, in line with the positions of Hugo Chávez. This stance basically had two thrusts: denouncing and firmly criticizing US imperialism, and, secondly, questioning Brazilian leadership as a threat of continental domination challenging the Bolivarian project.

With regard to criticism of the US, at the Costa do Sauípe summits the countries within the Bolivarian movement issued a strong statement to the rest of the world. It was centred on two points: (1) ‘Cuba is the essence of the heart and dignity of the peoples of Latin America and the Caribbean’; (2) ‘the United States no longer gives the orders [in Latin America]’.²⁴ Chávez also said that what would really give historical relevance to the Rio Group summit was the presence of Cuba, and for this reason it was good for Cuba to take part. In this spirit, when the Mexican President Felipe Calderón, acting on behalf of the *pro tempore* Presidency of the Rio Group, announced that Cuba had joined it, Chávez started shouting ‘¡Viva Cuba!, ¡Viva Fidel!’.

Given the anti-US tone that the speeches of some Presidents were taking on, it came as no surprise that the Brazilian Foreign Minister Celso Amorim came out and denied that Cuba’s joining the Rio Group represented some kind of pressure for the new government of Barack Obama. He said the decision to incorporate Cuba was made without any intention to exert pressure on anyone. But he said it was another thing altogether for the agreements reached by the Latin American leaders to

²¹ http://www.lanacion.com.py/noticias_um-223676.htm

²² http://www.la-razon.com/versiones/20081218_006490/nota_248_732935.htm

²³ Since late 2008, Bolivia has been exporting a third less natural gas to Brazil, and this has meant less revenue for the Andean country. Argentina has also reduced its consumption of Bolivian gas. Petrobras says the decline is due to a fall in the price of liquefied natural (LNG) and higher reservoir levels from heavy rains, although the impact of the economic crisis and the decline in productive activity are obvious. Added to this is the decline in international prices for energy products. This could mean the next round of bilateral negotiations between Brazil and Bolivia could lead to a significant decrease in Bolivia’s revenues from gas (http://www.la-razon.com/versiones/20090107_006600/nota_248_742070.htm).

²⁴ <http://www1.folha.uol.com.br/folha/mundo/ult94u480399.shtml>

make the new US President 'see which way the wind is blowing'.²⁵

During the summit Chávez proposed that Latin America have its own financial system, a common currency and a financial fund that would be an alternative to the multilateral institutions that came out of the Bretton Woods accords, such as the IMF and the World Bank. He said this would eliminate dependence on the US dollar and requirements imposed by the IMF and other organisations, which Chaves said serve to shackle the countries of the region. He said such arrangements would also allow Latin America to influence the rest of the world in a much more open way than it does now. Chávez said the countries of the ALBA group have already started to work on creating their own financial system, and this model could be exported to the rest of the region.

According to the Venezuelan leader, the system would have a currency that would replace the dollar and it would be based on four tools: (1) a Common Accounting Unit; (2) a Payment Compensation Chamber; (3) a Financial Fund for Development; and (4) a Regional Trade Agreement.²⁶ This statement sums up his position: 'New winds are blowing in Latin America, and old ideas that were once believed dead and buried are sprouting anew. The idea of Bolívar, the idea of a united Latin America, is re-emerging with strength in this land. The idea of socialism, that was believed banished, is coming back. Socialism is not dead. It is more alive than ever. It is capitalism is that is dead'.²⁷

When Cuba's reincorporation into Latin American institutions was discussed, the Bolivian President Evo Morales asked that it be demanded of the new Administration of Barack Obama that it lift the trade embargo against Cuba, and that if this did not happen in a reasonable space of time, all Latin American Ambassadors accredited in Washington should be recalled. Morales said he was aware that many of those at the summits would not like what he was saying. But he made his inflammatory remarks anyway. He also lashed out at the Organisation of American States for expelling Cuba in 1962, asking how it was possible that 'the most supportive country' could be ejected from an international organisation. Similar comments from came the Honduran President Manuel Zelaya, who recently had his country join ALBA and consummated its relationship with Venezuela. Zelaya said Latin America cannot have two faces: one that accepts Cuba in the Rio Group and another that snubs it at the OAS. 'Now we have just one position', he said.²⁸

Meanwhile, Lula was much more prudent, calling for calm and urging colleagues not to act hastily, insisting he was more cautious than Evo Morales. 'We must have the prudence and political democracy for [Obama] to assume his presidency and his policy in order to approve or criticize it', Lula said. After hearing this, Morales made his stance more flexible and said he was willing to wait a while for the US trade embargo against Cuba to be lifted.²⁹ However, this show of prudence did not prevent Lula from speaking out in favour of asking the OAS for a formal apology for having expelled Cuba from the pan-American system in 1962. So along with other Latin American countries, Brazil will insist on revoking Cuba's expulsion from the OAS. At the same time Brazil said 'it is clear that [Cuba] also wants to have its say on the fate of our region'.³⁰

As the Mercosur summit opened, President Rafael Correa of Ecuador criticised what he called a lack of agility among regional integration organisations when it came to confronting the economic crisis. He defended the consolidation of the Banco del Sur, or Bank of the South, and the creation of a reserve fund and common regional currency. But later Correa went even further. In early January

²⁵ <http://www1.folha.uol.com.br/folha/mundo/ult94u480399.shtml>

²⁶ http://www.infolatam.com/entrada/cumbre_calc_chavez_plantea_sistema_econo-11674.html

²⁷ http://es.noticias.yahoo.com/9/20081217/twl-chavez-dice-que-el-liderazgo-de-bras-ele34ad_1.html

²⁸ <http://www1.folha.uol.com.br/folha/mundo/ult94u480704.shtml>

²⁹ http://www.laprensa.com.bo/noticias/18-12-08/18_12_08_poli2.php

³⁰ <http://www1.folha.uol.com.br/folha/mundo/ult94u481267.shtml>

of 2009, in a speech at the University of Havana, Correa voiced a sort of self-criticism of Unasur, saying it had made a big mistake by taking in enemies of integration: 'In general, there is support for integration, there are countries in which decision-making is slower than in others. But there are also governments which joined up... in order to block integration and we are not going to move at the pace of those who do not want integration'. Because of these countries, which paralyse or block 'everything from the inside', according to Correa, a new integration organisation should be created, one that starts off with three or four countries which are truly committed to integration.³¹ Is Correa perhaps proposing a new version of ALBA, or maybe his country's incorporation into the Bolivarian Alternative?

At the summit Correa said that if there had been more progress in creating the Bank of the South and it had been put into practice, Latin America would be in a much better position to weather the crisis. He said, 'The answer is integration that translates into concrete actions, in other words, basically the new regional financial architecture that Ecuador advocates'. Correa said it was necessary to coordinate the savings accumulated in different countries of the region so as to have access to the resources needed to 'compensate for the problems that this crisis is going to cause for us'. He called for creating a 'reserve fund of the south'. In order to do this, the reserves that Latin American countries hold abroad must be added to their available savings. In other words, 'rather than finance those overseas economies, bring reserves together so they serve as a back-up for us'. He also advocated a halt to the use of 'currencies from outside the region', basically the dollar and the euro, in financial operations in the region. For this reason, he called for creating a compensation mechanism for trading exclusively in Latin American currencies. Although this compensation mechanism has begun to be used in trade between Argentina and Brazil, to do so at the regional or continental level would be much more complicated, especially if other macroeconomic convergence policies are not applied at the same time.

Although Argentina is not a member of ALBA, its President adopted an assertive and combative role, especially with regard to multilateral financial institutions and major western powers, placing the greatest emphasis on the US and the UK. Fernández called for an overhaul of the IMF and the UN, among other bodies. She urged all nations to play by the rules, saying it was intolerable for there to be 'a world which, even with rules we do not share, there are countries that comply with them and are obliged to do so, and countries which do not abide by those rules'. She said this has led to an unacceptable double standard which allows the world's largest economy, the US, to be 'the only country allowed not to abide by the rules that other countries have to comply with or be derided as governments that are populist, deficit-running and inefficient'.

In her speech at the Latin American and Caribbean Summit, Cristina Fernández said the current crisis is not an economic and financial one, but rather a political crisis, a crisis that affects systems of international decision-making, since these are traditionally run by 'a small group of countries'. She reiterated Argentina's long-standing claim of sovereignty over the Falkland Islands. As is usually the case, the rest of the leaders at the summit endorsed her assertion: in a special communiqué on the Falklands, they urged Argentina and the UK to 'resume as soon as possible' negotiations on the sovereignty issue. One curious feature of the statement is that it referred to the OAS, a body to which these countries want to transform into an alternative.³²

Another issue on which Brazilian leadership was challenged was that of debt. We already mentioned Ecuador's stance on Brazil's National Bank of Economic and Social Development (BNDES), a position which has broader goals. In July 2007, President Correa created the Public Credit Auditing Commission (CAIC in Spanish), made up of Ecuadorean and foreign technicians and politicians. According to Article 2 of the decree that created it, its main goal is to 'examine and

³¹ <http://www.diariometro.es/es/article/efe/2009/01/10/788293/index.xml>

³² <http://www.presidencia.gob.mx/prensa/comunicados/?contenido=40966&imprimir=true>

evaluate the process of contracting and/or renegotiating government debt, the origin and destination of resources and the carrying out of programs and projects that are financed with domestic and external debt, in order to determine their legitimacy, legality, transparency, quality and efficiency, considering the legal and financial issues, as well as their impact at the economic, social, gender-related and ecological levels, and on nationalities and peoples’.

It is evident that such an assertion is made with much of the answer already in mind, and here, as would be expected, it was blunt: much of Ecuador’s foreign debt is ‘illegitimate’. So far, this singular complaint, which affects lenders and not the Ecuadoreans responsible for the mess, if it exists, has centred on the loan from the Brazilian BNDES. However, one cannot rule out the possibility that in the near future Ecuador might focus on loans from Spain: of the 36 bilateral loan contracts that the CAIC has analysed, 16 involve Spain. A group of Spanish NGOs has launched a campaign urging the government of Prime Minister José Luis Rodríguez Zapatero not to respond if Ecuador suspends payment of debt that it considers ‘illegitimate’. This debt mainly involves money from Spain’s Development Aid Fund (FAD in Spanish).

In a show of solidarity with Ecuador, which has declared a moratorium on interest payments on part of its foreign debt, the so-called Global 2012 bonds,³³ the Presidents of Venezuela, Bolivia and Paraguay said it is necessary to audit foreign debts. They said that in the case of ‘illegitimate’ or ‘immoral’ debts the right thing to do is declare a moratorium on their repayment or even forgive them. Chávez, although he said he has not yet taken any steps to audit his country’s foreign debt, said that like other countries of the region, Venezuela should revise and determine the legality of its debt, how many times it has been paid off and how much is still owed. He said this would cause quite ‘a big surprise’ because some debts have been paid off even twice or three times.³⁴ Although they did not refer directly to Brazil, Presidents Lugo and Correa found themselves in a tight spot when reporters asked if their debts with Brazil were also questionable. Their answer was vague and suggested that they have no conflicts on this with Lula.

For his part, Evo Morales asked for cancellation of Bolivian debts accrued during military dictatorships and under neo-liberal, free-market governments. He thus grouped all of these governments together and denounced them, starting with the military dictators, who had applied neo-liberal economic policies. ‘What a good thing it would be if Bolivia’s debts were forgiven for the sake of cooperation’. He later said that some of his country’s debts with the World Bank and the IMF ‘are unpayable’.³⁵

Latin America’s Rehabilitation of Cuba

Cuba’s incorporation into the Rio Group and the unanimous drive for the US to end its embargo against Cuba were important stops in this process of rehabilitation. It will be confirmed with a string of presidential visits to Havana in the next few months, including trips by leaders of Mexico, Chile, Ecuador, Guatemala and Argentina. It cannot be ruled out that these visits are linked to at least three factors: the start of a new Administration in the US and a desire to send clear messages on regional leadership; demands that Washington pay more attention to the region; and news of the deteriorating health of Fidel Castro, which have been confirmed by Hugo Chávez and his comments to the effect that the *Comandante* will not preside over any more public events.³⁶

³³ The interest totals US\$30.6 million and the issuance of the series was US\$510 million. Payment of interest on the Global 2015 bonds was also affected temporarily. But in January 2009 obstacles to their amortization were lifted.

³⁴ Agencia Bolivariana de Noticias, 17/XII/2008.

³⁵ http://www.laprensa.com.bo/noticias/18-12-08/18_12_08_poli2.php

³⁶ See Carlos Malamud, ‘Peregrinaciones a La Habana’, http://www.infolatam.com/entrada/peregrinaciones_a_la_habana-11886.html.

This twin victory scored by Cuba was accompanied by a widespread desire among leaders who attended the summit that Cuba be allowed to once again join the OAS, from which it was expelled in 1962. Cuban diplomats can chalk up yet another victory, this one involving the use of language, which is no minor issue in its conflict with the US. The Latin American Presidents always used the terms employed by Cuba, starting with the word 'blockade' rather than 'embargo'. This is seen clearly in a special statement issued by the 33 countries present at the Latin America and the Caribbean Summit, in which they called on the US government to abide by 'what is laid out in 17 successive resolutions from the United Nations General Assembly for it to end the economic, trade and financial blockade it maintains against Cuba'.³⁷

The announcement of Cuba's becoming a member of the Rio Group, which also marked Raul Castro's debut in an international forum since taking over as leader of Cuba, was applauded by the 23 member countries. This happened without any of them recalling the existence of the Democratic Charter of the OAS, or the lack of concrete progress in Cuba's political system. In fact, for many analysts and observers, one of the big successes of the summit was, as Soledad Gallego-Díaz put it, 'the definitive recovery of Cuba as a member of the Rio Group and any another exclusively Latin American forum that might be convened'.³⁸ That said, one thing that helped Cuba join the Rio Group and ease some resistance to it, especially among the countries most closely linked to the US, was, paradoxically, the absence of Fidel Castro from the summit and more recently from other similar meetings.

One sign of Latin American support for Cuba is the list of regional Presidents who will visit Havana in the first half of 2009. Martín Torrijos, Rafael Correa, Cristina Fernández, Michelle Bachelet, Álvaro Colom and Felipe Calderón are on it, and others will probably sign up as well, aside from the habitual visitors like Hugo Chávez and Evo Morales. However, Morales, who in November 2008 said that on 1 January 2009 he would be in Havana to take part in the celebration of the 50th anniversary of the Cuban Revolution, cancelled at the last minute for reasons that have never been explained.

Hugo Chávez set the tone on policy for readmitting Cuba in Latin American institutions with a strongly worded speech, in which he expressed 'Venezuela's infinite satisfaction with this act of justice. It was about time. It was exactly 50 years ago that Fidel, Che Guevara and Raúl were in the Sierra Maestra fighting to liberate Cuba. Simón Bolívar had already spoken of political liberation and unity as the way to achieve full independence. Now, for the first time, we have come together'.³⁹ In the same spirit, Cristina Fernández of Argentina expressed satisfaction with Cuba's entering 'a place it should never have left'. She added: 'It is an act of justice' and for this reason 'we are going to deepen relations in the framework of proverbial affection between our two peoples'.⁴⁰

Raúl Castro's response sought to maintain the same spirit of unity, although he stressed traditional Cuban arguments: 'For us, this exemplary unanimity marks a transcendental moment in our history'. He then mentioned his brother Fidel and said he was probably watching the summit on television. 'On behalf of a Cuba which has suffered a blockade for 50 years, I thank the countries of Latin America and the Caribbean for their firm support of the statement against the illegal and unjust policy which violates the human rights of our people... Despite the vengeful blockade, Cuba is prepared to share its modest experiences in order to work with the region, as collaboration, along

³⁷ <http://www1.folha.uol.com.br/folha/mundo/ult94u480399.shtml>

³⁸

http://www.elpais.com/articulo/internacional/Latinoamerica/Caribe/crearan/organo/EE/UU/elpepuint/20081218elpepiint_9/Tes

³⁹ <http://www.rebellion.org/noticia.php?id=77696>

⁴⁰ http://www.casarosada.gov.ar/index.php?option=com_content&task=view&id=5362

with solidarity and internationalism, are the foundations of our relations with the world'.⁴¹ For all these reasons, Raúl Castro said, it is necessary to move beyond a model of integration based on 'globocolonisation' to one based on solidarity.

What does this summit mean for post-Fidel Castro Cuba? Regional solidarity will allow Cuban leaders to depend less on Venezuela to the extent that other countries, especially Brazil, start to take specific steps to this effect. This situation is good in and of itself. But a greater commitment from Lula, Calderón, Vázquez and Bachelet (along with other leaders who lean more toward social-democratic policies and are more respectful of institutions) to Cuban democracy and those who suffer political persecution would be most welcome. If these issues are on bilateral agendas, and in some cases they might be, it is in no one's interest to make them public.

Nevertheless, in order to measure the unanimity of the Latin American response to Cuba and the requests it is making of the new Obama Administration, we will have to wait until the next Summit of the Americas, to be held in April in Trinidad and Tobago, where leaders will have to show what they are willing to do. That meeting should also allow observers to gauge the importance that the US holds not just for Latin America in general but also for each of the countries in the region. Perhaps for this reason Hugo Chávez said the countries of Latin America and the Caribbean would like Cuba to be invited to that summit.

In line with the growing weight of the Cuban-Brazilian bilateral agenda, which was already boosted during Lula's last visit to Havana in late October of 2008, the Brazilian President received his Cuban counterpart after the summit. In the previous meeting, much importance was attached to the role that Petrobras might play in exploration for oil in the deep waters of the Gulf of Mexico that are under Cuban control. At the summit, the countries' mutual commitments were strengthened. Lula reiterated his desire to boost cooperation with Cuba in areas such as transport, energy, agriculture, construction of infrastructure, science, technology and mining. The goal, among others, would be to help Cuba create competitive industries.

And in a bid to neutralise the omnipresence of Venezuela, Lula said he wanted to establish balance in trade between his country and Cuba. In the first three quarters of 2008, bilateral trade totalled nearly US\$500 million, a third of which corresponded to Cuban exports. He also thanked Cuba for its cooperation with Brazil's health care and research system. Raúl Castro said that in the 'historic relations' between Cuba and Brazil 'the only thing missing is to increase the economic ties that have come with the government of our comrade and friend Lula'. He said Cuba and Brazil are determined to push for integration that is committed to social justice and human rights.⁴²

Can There be an OAS Without the US?

The most original initiative of all those that emerged at Sauípe was the Latin American and Caribbean Summit, in which Brazil decided to go beyond a traditional framework that was restricted to South America and broaden its focus to take in the entire region. Here, it is important to take into account Mexico, the other major country of the region, one without which any progress would be meaningless. Thus, it was important when President Felipe Calderón said he wanted to build a grand alliance of Latin American and Caribbean countries, stretching from the river Bravo to Patagonia. This proposal should be formalised in February 2010 at a summit to be held in Mexico to mark the bicentennial celebrations of independence from Spain. Hugo Chávez issued an appeal for transcending the OAS –in other words, the US– and pushing for the creation of an Organisation of Latin American and Caribbean States, without the participation of Washington or Ottawa.

⁴¹ <http://www.granma.cu/espanol/2008/diciembre/mier17/nosotros.html>

⁴² http://www.infolatam.com/entrada/brasilcuba_lula_y_castro_estrechan_lazos-11693.html

In his speech, Calderón said he was prepared to support Lula's proposal to create an organisation of Latin American and Caribbean states that would allow Latin Americans to have 'not just a summit system, but an organization with our own rules and our own themes of representation, of integration'. The Mexican leader said this was the way to achieve the major Latin American aspiration of 'real and formal unity, with political, social, economic and cultural foundations; for Latin America to have the solidity it needs in order to, in a globalised world, affirm its own identity, its own strength and its own potential'.

For this reason, coordination between the two major regional powers will benefit both of them and the region. The new organisation would stem from the Rio Group, so its membership would have to increase from the current 20, including the nations of Caricom, which have a rotating seat in the Rio Group, to the 33 countries that took part in the Latin American and Caribbean Summit. Mexico, which has taken over the *pro tempore* secretariat of the group, will hold a summit in Mexico City in February 2010. Prior to this, there will be a meeting of ministers in 2009 in order to address several requests, among them one for Jamaica to join up. Calderón says the next step should not be just the Latin American and the Caribbean Summit, in other words an expansion of the Rio Group summit, but rather progress toward the formalisation of an Organisation of Latin American and Caribbean States 'as the culmination. I think this is quite valuable coming 200 years after the independence of Latin America. We want this agreement'.⁴³

One of the problems the new group will face is what to call itself. Whereas Calderón proposed calling it Latin American and Caribbean Unity (or Latin American and Caribbean Union), other countries, especially the most assertive ones, prefer the name Organisation of Latin American and Caribbean States. This would be a way of setting it apart from the Organisation of American States, which does include the US and Canada.

On another issue, Calderon said that in the future the three countries that are part of the G-20 would coordinate their policies, along with the rest of the governments in the region. The possibility of effective coordination would be welcome, if one recalls the recent negotiations in the Doha Round of the World Trade Organisation talks and the opposing positions of Argentina and Brazil with regard to protectionism and the sharp criticism voiced by the government of Cristina Fernández. The Argentine President attacked Lula during her speech, although not mentioning him by name, over the G-20.⁴⁴

Whatever the cause may be of Mexico's stated intention to look towards Latin America, it is obvious Mexico's bilateral relationship with the US under Barack Obama is present. Felipe Calderón and his team are convinced that the policies of previous Mexican governments, especially that of Vicente Fox, of concentrating on the US did not yield all the benefits that had been expected. Neither did keeping a distance from Cuba, a shift in a long-standing Mexican policy, nor Fox's clash with Hugo Chávez. One of its most tense moments came at the Summit of the Americas in Mar del Plata (2005). Some Mexican analysts have interpreted Mexico's shift to the South as a way of attracting the attention of the Obama Administration. As an editorial in the newspaper *El Universal* put it: 'Two years into his term, Felipe Calderón can score a double victory: recover part of the leadership that Mexico should have in Latin America while tugging on the coat of our indifferent neighbour to the north'.⁴⁵

During the conference the Guatemalan President Álvaro Colom expressed concern over drug trafficking in his country and, in somewhat confusing fashion, proposed several strategies for

⁴³ <http://www.eluniversal.com.mx/internacional/59960.html>

⁴⁴ http://www.lanacion.com.ar/nota.asp?nota_id=1081975

⁴⁵ <http://www.eluniversal.com.mx/editoriales/42409.html>

cooperation. One that stands out was interpreted by several of the Presidents on hand, including Calderón, as the possibility of creating a regional army to fight drug trafficking and its violent repercussions. Calderón's answer was firm: Mexico would not take part in or endorse such a military contingent. He said that what is needed is a common policy, something that does not now exist, along with 'clear and open cooperation that will allow us to defeat a multinational enemy'. Still, Calderón not only stopped short of ruling out talks on this issue in the future Latin American and Caribbean organisation, but also is pushing for a summit soon between Colombia, Guatemala, Mexico and Panama to discuss security issues.

The lack of joint policies is clear. Mexico has launched a head-on fight, for which it has sought cooperation with the US through the Mérida Initiative, which it wants to extend to all of Central America; Guatemala, after years of lethargy, has realised the gravity of the problem and is trying to respond Mexican-style, although it is waging the battle on its own. Nicaragua is taking big steps towards breaking its links with the US and turning instead toward Hugo Chávez, while El Salvador is doing the exact opposite. Its President, Antonio Saca, said recently he will sign any agreement he needs to in order to retain a US base that operates out of the international airport in Comalapa, near his country's Pacific Coast. It is important to note that presidential elections are coming up soon in El Salvador, with legislative elections before that, and power could change hands through a victory by the FMLN.

Although the geographical realm is quite different, the dialectical and style differences that we have discussed provide a clear hint of the many problems that the South American Defence Council will face as it tries to get up and running. These problems were not even discussed at the presidential summits in Brazil. In any case, it is not enough to create a new summit, in this case the Latin American and Caribbean one. It needs content and resources.

The Unasur Summit: Its Achievements and Failures

Due to the issues we have discussed here, the Unasur and Mercosur summits had somewhat of a lower profile, except with regard to the South American Defence Council. Despite this, no significant steps were taken towards the consolidation of either of these two sub-regional bodies, although the four summits were arranged in such a way that they were constantly in touch with each other.

Herein lies one of the most delicate questions over what was done at the four summits: how much rhetoric and how much reality are hidden behind all the final statements and the speeches of varying degrees of belligerence and controversy that the leaders made? It is clear that neither the speeches nor the smiles in the family photo masked the deep political contradictions that cross and divide the region in different directions, as Rafael Correa acknowledged in his visit to Havana.

Once again, presidential improvisation, rather than the quiet but less flashy work of teams toiling behind the scenes, overshadowed these four summits and made clear the limitations of many projects. Such is the case of the failed election of a Secretary General for Unasur (one can call it a failure by Argentina, which had been bent on seeing the job go to Néstor Kirchner) and the South American Defence Council. Its charter is nothing more than a catalogue of good intentions which does not address any specific issue, starting with the drug trafficking that is such a big concern for Mexico and the countries of Central America.

Kirchner's failure to get the Unasur job was a big setback for Argentine diplomacy, which kept pushing him as a candidate even though it knew from the outset that the idea was doomed because of opposition from Uruguay. Time after time, Presidente Tabaré Vázquez said he was against giving the job to Kirchner, who had to be elected by consensus. Tabaré Vázquez was upset over how Argentina treated his country during the conflict over the Fray Bentos pulp mills and later

blockages of bridges over the river Uruguay. These blockades continue under the government of Kirchner's wife Cristina Fernández, even though it has been shown that the Finnish-built plant does not pollute the river or the environment and that fumes from it do not reach the Argentine town of Gualeguaychú, which is the most up-in-arms over this issue.⁴⁶ Although with positions that were less overt and combative, other countries such as Peru and Colombia did not back Kirchner either. He would have had a hard time winning the support of Chile and Paraguay, too. Not even Lula came out clearly in support of Kirchner.

Argentina wanted to change the election system, going from one based on consensus to another requiring a simple majority. The lack of allegiance to rules that have already been approved is a clear sign of scant interest in the norms and institutions of this entire process and places obvious limits on the future of Unasur. The impasse stemming from Argentina's insistence on settling the issue with a vote was broken by a proposal from Hugo Chávez to put off choosing a Unasur leader until a future summit in April. This would also allow for the choosing of another consensus candidate in negotiations leading up to that summit. The names being mentioned include the former Chilean President Ricardo Lagos, who is definitively out of the electoral race in his country, as well as the Chilean Ambassador to Argentina, Luis Maira, and Marco Aurelio García, Lula's adviser for international affairs.⁴⁷

With regard to the South American Defence Council, which was defined as a forum for cooperation between Ministers in this policy area, although the leaders decided to create and launch it, key doubts remained about its future and viability. The decision to create the South American Health Council was perhaps much more important because it raises the prospect of concrete results over the medium term.⁴⁸ This body has goals which are much more specific than those of the defence council. For this reason, and since these objectives are less ambitious and demanding, they are much more feasible.

The 'Statement' from the Presidents on the establishment of the defence council is only a list of intentions.⁴⁹ The following are highlights of the main points included in the statement, beginning with the guiding principles:

- (1) The Council is created as a body designed for consultation, cooperation and coordination on defence issues.
- (2) The Council will act with deep respect for the 'sovereignty, integrity and territorial inviolability of States, non-intervention in their domestic affairs and the self-determination of peoples'. In the same spirit, it encourages sovereign defence of natural resources. It is obvious that with these criteria as guiding principles, the possibility of doing anything other than just consulting and coordinating is highly restricted or practically nil, given how hard it is to create supra-national bodies.
- (3) To preserve South America as a place free of nuclear weapons and other weapons of mass destruction, by promoting disarmament and peace.
- (4) Acknowledges that defence bodies are subordinate to civilian authorities.
- (5) Encourages the easing of asymmetries between member countries.
- (6) The council reaffirms the validity of democratic systems of government and their protection on

⁴⁶ Probably as a result of polling numbers, the Argentine government recently decided to toughen its until-now soft stance on those who support the blocking of the bridges that connect the country with Uruguay. Despite this, there has still been no decision to send in security forces to clear the bridges, even though several studies show clearly that the Botnia plant is not producing the levels of contamination that had been feared

(http://www.lanacion.com.ar/nota.asp?nota_id=1089693).

⁴⁷ http://www.lanacion.com.ar/nota.asp?nota_id=1081970. One factor to take into account is that José Miguel Insulza, also a Chilean, is Secretary General of the OAS, which might make it difficult for another Chilean to be head of Unasur.

⁴⁸ https://www.defesa.gov.br/mostra_materia.php?ID_MATERIA=32704

⁴⁹ http://www.defesanet.com.br/all/sauipe_3.htm

defence issues in the face of external or domestic threats or action, in the framework of national norms. The council 'rejects the presence or action of armed groups acting outside the law, or which exercise or encourage violence, no matter what its origin might be'. On one hand, terrorism is not mentioned, which is significant although not surprising, given the public stance shown by some governments in the region. Meanwhile, it is not clear what they mean by democratic systems, which in the current situation allows the inclusion of Cuba, Nicaragua and Venezuela in the same group as Brazil, Chile and Uruguay. The big question mark is how the region's democracies will be protected from internal or external aggressions without calling into question sovereignty or territorial integrity.

The goals of the council coincide completely with the principles, although some of them stand alone:

- (1) Consolidate a South American identity on defence issues, one that takes into account sub-regional and national characteristics and contributes to strengthening Latin American unity.
- (2) Promote the exchange of information and analysis on the regional and international situation in order to identify risk factors and threats to regional and world peace.
- (3) Articulate joint positions in multilateral forums.
- (4) Strengthen the adoption of confidence-building measures.
- (5) Boost cooperation and exchanges in the defence industry. Stimulate exchanges on issues of military training, facilitate processes of joint training among armed forces and promote academic cooperation among defence studies centres.
- (6) Share experiences in UN peace-keeping missions and other humanitarian activities, such as prevention of natural disasters.
- (7) Incorporate women into the military.

The council will be made up of the Defence Ministers of the member states and the national delegations will feature staffers from the Defence and Foreign Relations Ministries. The Presidency will go to the same country that holds the *pro tempore* presidency of Unasur. In order for there to be greater control over territories, in the end it was possible to create the council, the Brazilian Foreign Minister Celso Amorim said. It will allow countries to develop a regional view of defence problems, 'will aid mutual trust and will place the emphasis on military cooperation, training and equipment'. However, as we stated earlier, no path has been spelled out for turning the principles and goals into tangible realities.

Mercosur's Limitations

Something similar to what has been said of Unasur can be stated about Mercosur in terms of the slim results that came out of its specific summit in Costa do Saúpe. Once again, it can be seen how internal discussions between the member states of this sub-regional organisation prevented some fundamental decisions, such as doing away with the double common foreign tariff (AEC in Spanish) or approval of the Regional Customs Code. These decisions would have allowed a re-launching of Mercosur, which is now mired in a grave crisis that could even go so far as to compromise its future. The double tariff means that, for instance, when a producer sends a product into Mercosur via Paraguay and it is later re-exported to Brazil, import tax is paid twice and each country keeps the tax it charges.

Nor was there significant progress on Venezuela's full incorporation into the bloc. However, in what might be considered a nod to Chávez from the government of Lula, almost at the same time the summit was taking place, Brazil's Congress voted 265 to 61 in favour of Venezuela's joining. The measure was rejected by the PSDB (Brazilian Social Democratic Party), the main opposition party. However, both the Brazilian Senate and the Paraguayan Parliament must also vote on admitting Venezuela. In the latter case, it should be borne in mind that there has been growing

tension between Paraguay's executive branch and Parliament over the approval of cooperation accords signed by Presidents Lugo and Chávez.⁵⁰ On another issue, although the rest of the member states do not seem too concerned for the time being, Venezuela will have to take significant steps towards bringing its customs legislation in line with Mercosur rules and so far it has not done this.

Despite this, rhetoric and good intentions dominated the beginning of the 36th Mercosur summit. In his opening speech, President Lula said the economies and democracies of the countries of Mercosur were strong enough to confront the global economic crisis. 'Our strength for facing the global recession lies not only in the strength of our economies but also in the vigour of our democracies', he said. Lula advocated boosting trade between southern countries and greater participation by the bloc in the designing of a new 'international, multi-polar and multilateral'⁵¹ financial system. At the end of the session, he handed over the half-yearly Mercosur chairmanship to President Fernando Lugo of Paraguay.

One important point to note is that, in a separate ceremony that was not part of the summit, Paraguay signed up as a full member of the Andean Development Corporation (CAF in Spanish). At that point Paraguay became a 'Series A' shareholder, rather than 'Series C', the status it held since it hooked up with the corporation in 1997. According to Enrique García, the CAF Chairman, this admission was a sign of the 'consolidation of the Latin American dimension of the CAF'.⁵²

Conclusions

It is clear that in the four summits held in Costa do Saúpe, important steps were taken in Latin American foreign policy. However, the achievements are not enough for anyone –none of the main players involved, starting with Brazil and followed by Mexico– to cry victory. The main exception might be Cuba, thanks to its triumphant return to multilateral Latin American institutions. It was evident, and for the first time in such a clear way, that Brazil wants to assume its full role as regional leader. That, in and of itself, is excellent news. But it is still not very clear what implications this has for the government of Brasilia, or what cost the Brazilian government and elite classes are willing to take on.

It also became clear that Brazil and Mexico need to enhance their dialogue and cooperation. This would be very good for the region because it would boost the leadership of each country and prospects for the region as a whole. In this way, it would even be possible to neutralise much of the criticism –or at least limits its impact– against Brazilian leadership, comments which have started to come from the countries of the ALBA initiative, plus Ecuador. One needs only to recall Hugo Chávez's words to the effect that although Brazil is a regional leader, it is not the only one. Here, many ALBA positions have forced Brazil to toughen its tone so as not to be overshadowed by presidents who have been more assertive, as seen not only in relation to how to deal with the crisis but also the reincorporation of Cuba into multilateral Latin American institutions.

Another of the issues at stake was regional integration. Beyond the usual comments and the expressions of good intentions that were made during the two days of meetings and even in the following weeks, and those made in the final statements signed by all the leaders present, regional integration did not score any significant progress. Nor did these summits lead to any concrete steps toward strengthening existing institutions. The main exception was the push given to the South American defence and health councils, both of which are still in the fledgling stage of development.

⁵⁰ http://www.eluniversal.com/2009/01/11/pol_art_roces-en-paraguay-po_1217680.shtml

⁵¹ <http://www1.folha.uol.com.br/folha/dinheiro/ult91u480027.shtml>

⁵² http://www.eldiario.net/noticias/2008/2008_12/nt081222/3_03ecn.php

The most significant achievement was the impetus given to mechanisms for political cooperation and dialogue between countries. However, judging from Lula's speech at the summit, there remains the fear that such a major structure must be directed against someone, especially the US, even if this is denied, and not as a result of having reached a basic consensus in what it is one wants to construct and how to reach that goal. The repeated complaint that the region has to endure a crisis that it did not cause is true, but it does not lead anywhere. Latin America does not need to isolate itself from the world to come to know who it is. Rather, it does need to know how to choose its allies, looking ahead to the long term and its permanent interests and not focusing on the topics of the day or short-lived ones, often defined with electoral criteria.

Finally, we should ask ourselves about the role Spain should have with regard to the Latin American and Caribbean Summit and Brazilian leadership. In principle, one might think that the summit would contradict, or compete with, the yearly Iberoamerican summits. But this is a totally unfounded fear. It is in Spain's interest for Latin America to make a substantial improvement in its mechanisms of cooperation and political dialogue and to eventually be able to speak with a single voice. Something similar can be said about Brazilian leadership. Spain should not compete with Brazil, but rather, in line with what has happened recently, enhance mechanisms for bilateral dialogue (between Spain and Brazil) and between the EU and Brazil. At the same time, Spain should encourage the emergence of a shared leadership between Brazil and Mexico, without getting too involved officially in the attempt. There is still strong resistance on both sides, and in this case being equidistance or neutral is not a bad idea.

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