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## **UNASUR Makes Headway in South American Integration Efforts**

*by LADB Staff*

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The 12 countries of the Union de Naciones Suramericanas (UNASUR), a regional organization created in May 2008 and envisioned as a vehicle for economic, political, social, and cultural integration, are making progress in crafting various instruments that will allow them to optimize their role as a geopolitical bloc. In March, the member states signed treaties creating the Consejo de Defensa Suramericano (CDS) and Banco del Sur.

The CDS, the result of an initiative by Brazilian President Luiz Inacio Lula da Silva, emerges "not as a conventional military alliance but as an entity to strengthen mutual trust and consolidate the region as a peace zone." Banco del Sur, an outgrowth out of a proposal by Venezuelan President Hugo Chavez, is intended "to form a financial entity that enables putting resources generated by the region at the service of development and to cut ties with traditional lending institutions such as the International Monetary Fund (IMF) and the World Bank." The CDS comprises the 12 UNASUR countries: Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Guyana, Peru, Paraguay, Surinam, Uruguay, and Venezuela.

Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay, and Venezuela are represented in Banco del Sur, but part of the initial capital was set aside so that, once internal obstacles are overcome, allocations from Colombia, Chile, Guyana, Peru, and Surinam will be added. Nevertheless, all 12 countries are equally eligible to receive credit, even though the last five have not approved their full membership in the bank.

### ***First time Guyana joins regional effort***

"In what must be seen as a qualitative leap forward, the region is creating its own instruments step by step, the concept of UNASUR is taking shape, and today that agency, which began less than a year ago, is acquiring institutional strength," said Guyana's Defense Minister Clement Rohee. His opinion carries significant weight, since this is the first time Guyana has actively participated in regional affairs.

"Our presence in the CDS shows Guyana's commitment to the continent at the same time that it makes a modest contribution to South American thought and the integration process," he added after highlighting the Georgetown government's participation in various regional projects. "Starting with UNASUR, all projects that we develop within its framework need to have the South American seal of identity," Rohee said. "That is key because within the integration process everything we do must have its own personality."

Guyana is a former British colony on the northern coast of South America, whose foreign policy has often been perceived as distant from South America's and oriented toward Europe or North

America. "The CDS is not a classic military alliance in the style of the North American Treaty Organization (NATO) an entity that has unsolvable problems or of what, during the Cold War, was the Warsaw Pact among Eastern European countries. In our case, we are trying to strengthen mutual trust through integration, dialogue, and cooperation in defense matters," said Brazil's Defense Minister Nelson Jobim, who gave shape to Lula's idea in March 2008, when a Colombian military incursion into Ecuadoran territory put the two countries on the brink of war (see NotiSur, 2008-03-07).

The ministers of the 12 countries said, during the March 8-10 meeting in Santiago, Chile, that the CDS is not trying to create a military force that, like NATO, operates internationally, and it will not meddle in each country's decisions regarding military equipment, but rather seek to strengthen mutual trust among its members.

Consequently, the Declaracion de Santiago made clear that the CDS will become a "historic instance within the continent's democracies that will reinforce cooperation in defense matters, help overcome military-spending differences, and coordinate external security." In keeping with statements of UNASUR and the Southern Cone Common Market (MERCOSUR) the trade bloc originally made up of Argentina, Brazil, Paraguay, and Uruguay that now includes, in various ways, other regional countries the CDS made clear its unconditional support for member states' territorial sovereignty, integrity, and inviolability and respect for nonintervention principles in each country's internal affairs, and for the self-determination of peoples.

### *US told to change course on Cuba*

In the same way, and already assuming the role of representative organism of the entire region, it addressed the US, "demanding" that it lift the blockade it has imposed on Cuba for more than four decades. Lula then transmitted that message to US President Barack Obama when the two met in Washington on March 14.

"Fundamental for the US to have a good relationship with South America is that it change its policy toward Cuba. That change is a condition if it wants to have good relations with our countries. With Cuba excluded from dialogue, no dialogue is possible," said Brazilian Defense Minister Jobim. In essence, the CDS is not challenging the large military blocs or powerful countries, like the US and Russia, that have their sights set on the region.

At the Santiago meeting, UNASUR decided not to have observers from outside the region, which foiled Russia's plans in that regard. The principal aim is to strengthen trust through integration, dialogue, and cooperation, and there are concrete proposals in this regard, such as Chile's suggestion to create a defense-policy exchange and information network. Or Argentina's idea to make military spending transparent one of the most contentious issues, considering the distrust that increased military budgets in some countries provoke in their neighbors.

The Military Spending 2009 report of the prestigious London-based International Institute for Strategic Studies (IISS) says that defense spending in Latin America and the Caribbean soared 91% between 2003 and 2008, from US\$24.7 billion to US\$47.2 billion. At the Santiago meeting, the 12 countries approved an action plan for 2009 and 2010 that calls for a series of activities and analyses

in four basic areas, in addition to coordinating defense policies: military cooperation, humanitarian actions and peace operations, defense-industry and technology undertakings, and joint training. For progress to be made in these areas, the recently created Centro Sudamericano de Estudios Estrategicos de la Defensa must finish a first report by November that will serve as a working document for the Primer Encuentro Sudamericano de Estudios Estrategicos in Rio de Janeiro.

After highlighting everything positive that came out of the constitutive meeting in Santiago, the Uruguayan daily El Pais said in an editorial, "The CDS is defined with very good criteria, first of all, for what it is not. It is not going to create a deployment force, either rapid or slow. It is not going to depend on permanent armed forces. It is not a threat to anyone, and it does not defend anyone a priori. Its welcome ambition is to coordinate what already exists fully respecting national sovereignties."

### *Alternative to IMF and World Bank*

Two weeks after the 12 defense ministers gave definitive shape to the CDS, the economy and finance ministers of the seven states that form the core of Banco del Sur met in Venezuela to complement economically what had been agreed to in Chile on military issues. The five states absent from the meeting have their space reserved, nevertheless, including for determining the amount of capital that each must contribute (a formula was established to calculate the amounts according to each country's GDP.)

The Memorandum of Understanding signed by the ministers of Argentina, Bolivia, Brazil, Ecuador, Paraguay, Uruguay, and Venezuela states that Banco del Sur's functions will include supporting productive reconversion, social inclusion, and global development of strategic projects of the region's countries, regardless of their geographic or economic size. The initial capital will be US\$10 billion, and will reach US\$20 billion in the future.

At the onset, Argentina, Brazil, and Venezuela will each contribute US\$2 billion and the other four in the neighborhood of US\$100 million annually. All UNASUR countries will have access to financing and will receive credit with interest rates similar to the lowest rates charged by other multilateral lending institutions. Infrastructure projects will be a priority for loan applications.

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