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Venezuela's Membership in MERCOSUR Delayed

by LADB Staff

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In July 2006, the presidents of the four Southern Cone Common Market (MERCOSUR) countries Argentina, Brazil, Paraguay, and Uruguay approved the accession protocol for associate-member Venezuela to become a full member. However, three years later, Venezuela has still not been granted this status by the South American customs union. For that to happen, the legislatures of the four countries must ratify the presidents' decision, which has not happened in either Brazil or Paraguay.

The Caribbean country will surely have to continue waiting because in mid-August the Paraguayan government had to withdraw the ratification measure to avoid Senate rejection. And, in early September,

Opposition in Brazil, Paraguay

Brazil's Senate approved a censure motion against Venezuelan President Hugo Chavez, making it likely that the MERCOSUR membership petition, to be addressed this month, will suffer the same fate in Brazil as it did in Paraguay. In both cases, legislators who oppose Venezuelan membership say that "Chavez cannot be in MERCOSUR because he is not democratic," as Partido Colorado (PC) Sen. Alfredo Stroessner explained.

Stroessner is the grandson of dictator Gen. Alfredo Stroessner (1954-1989). "It is clear that the lawmakers either have a hidden agenda or don't understand that presidents are one thing and countries another; they have not realized that the former are temporary and the latter permanent," said Paraguayan Foreign Relations Minister Hector Lacognata.

"It is not possible for Brazil to have associates made in its image and likeness, but I nevertheless want to remind those who doubt the existence of Venezuelan democracy that the country has had 13 elections or referendums since 1999, the year Chavez first took office, and that, in every case, international observers endorsed the transparency of the processes," said Brazilian Foreign Minister Celso Amorim. "We have been waiting a long time for their final decision, but, well, we must continue waiting because it is increasingly evident that sectors of the extreme right in Brazil and Paraguay have conspired to try to isolate Venezuela," said Chavez from Caracas.

Critics lack strong democratic credentials

Everything seems to indicate that the opposition is trying to threaten Presidents Fernando Lugo in Paraguay and Luiz Inacio Lula da Silva in Brazil, but beyond that, in light of who the leading opponents to Venezuela's MERCOSUR membership are, Chavez is right. Their political histories and resumes show that none has civic or democratic credentials that would qualify them to sit in judgment of Chavez.

In Paraguay, opposition lobbyists are, besides Stroessner, the PC, many of whose leaders and legislators were ministers or high-ranking officials during the dictatorship, and Lino Oviedo, convicted twice of coup attempts (see NotiSur, 1999-01-08, 2000-05-26) and accused of being the intellectual author of the assassination of Vice President Luis Maria Argana, who was riddled with bullets on an Asuncion street in 1999 (see NotiSur, 1999-03-26). Oviedo was also accused of responsibility for a 1966 massacre of civilians (see NotiSur, 2000-05-26) and, following years as a fugitive, was in prison from 2005 until late 2007, when he was released in a controversial decision by the Corte Suprema de Justicia (CSJ), the majority of whose justices had served as judges during the dictatorship (see NotiSur, 2009-02-27).

In newspaper accounts from that period, various analysts held that Oviedo was released because, with Lugo dominating the campaign for the April 2008 presidential election, opinion polls showed Oviedo as the only person who had a chance to beat him (see NotiSur, 2007-11-09).

In Brazil, the principal spokespersons for the group opposing Venezuela's MERCOSUR membership are Senate leader and former President Jose Sarney (1985-1990), responsible for many acts of corruption that since last July had has him under public pressure to resign and close to being impeached by his colleagues; ex-President Fernando Collor de Mello (1990-1992), forced to resign after the courts found him guilty of illegally diverting state funds to personal and family bank accounts (see NotiSur, 1992-12-08, 1993-01-05); and Sen. Fernando Flexa Ribeiro, jailed in 2004 and tried for participating in Operacao Pororoca, a huge fraud scheme in the northeastern state of Para, in which 28 business and political leaders benefitted from more than US\$35 million billed for infrastructure projects that were never carried out.

Venezuela's membership would benefit bloc members

Besides the historical, cultural, and strategic reasons why Presidents Nestor Kirchner of Argentina, Lula of Brazil, Nicanor Duarte Frutos of Paraguay, and Tabare Vazquez of Uruguay supported Venezuela's full membership in MERCOSUR in 2006, there are clear economic interests at play, especially in Paraguay and Brazil.

The Lugo and Lula administrations emphasize those reasons, each with its own arguments. Paraguayan Foreign Minister Lacognata said, "Besides the economic benefits for Paraguay, Venezuela's full integration, as well as that of the other associate members such as Bolivia, Chile, and Peru, will reduce the evident economic asymmetries among members." Spanish news agency EFE quoted the head of Paraguay's diplomatic corps as saying, "We believe that the current format of four member states is an obstacle to integration because of the hegemony that Brazil, with its huge size, has.

There is no historical experience to show that integration processes can advance with one member's large and manifest domination." For Amorim, "The matter is simple. We need Venezuela to be a full member of MERCOSUR." Everyone is aware that Venezuela has the third-largest GDP in South America and that its full integration into MERCOSUR would bring more than 28 million people, an economy that exceeds US\$100 billion, the largest source of energy on the American continent, and one of the largest hydrocarbon reserves in the world. But for Brazil, that is not all. In a public hearing in the Senate early this year, Amorim reminded legislators, "In 2008, one-fifth of our trade surplus

comes from business with Venezuela." In addition, state oil company Petrobras is building a refinery in the northeastern state of Pernambuco on the Atlantic coast, at an estimated cost of US\$4 billion, of which US\$1.6 billion is the participation of Petroleos de Venezuela (PDVSA).

And the Brazilian state entity Caixa Economica Federal has set up a banking network to finance low-cost housing in Venezuela. Paraguay, which stayed "on the margins of the world and developed nothing but corruption and contraband," during the 35-year Stroessner dictatorship, in the words of the great Paraguayan writer Augusto Roa Bastos, has recently begun to integrate its economy into that of the region and the world.

Its relationship with Venezuela is vital for that integration. Venezuela is the fourth-largest market for Paraguayan meat exports, a potential importer of soy (the country's second-largest resource, after electricity generated by the binational Itaipu dam, which it owns with Brazil), and Paraguay's largest supplier of oil, under conditions similar to those established for countries in the Petrocaribe program preferential prices, 50% due in 90 days and the rest over 25 years at 1% annual interest.

For economic giant Brazil, Venezuela is also vital, not only for integration possibilities in the area of energy and for the essential businesses mentioned above but also for what integration represents, which can already be seen in border areas. One example is the northern state of Roraima, which juts into Venezuela's eastern state of Bolivar. Even the fiber optics that connect the state capital Boa Vista to the Internet come from Venezuela at no cost to the 350,000 Brazilians who live thousands of kilometers from any power centers in their own country.

Chavez, who on various occasions has threatened to withdraw the request for full MERCOSUR membership, knows that the customs union is essential to increase Venezuela's integration into the world economy, and he is therefore willing to wait for the special-interests game to play out in Brazil and Paraguay.

"Lugo and Lula are being blackmailed by powerful groups that are very dangerous but have little political clout. We will wait, for the good of Venezuela and the good of the other MERCOSUR countries," said Chavez. Brazilian Sen. Pedro Simon, who is on the same wavelength as Chavez, says, "We must be patient. Brazil was the great author of the integration initiative, and we know that for MERCOSUR to have a future we must achieve the union of all South American countries."

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