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Dissent over Venezuela Threatens MERCOSUR’s Strength

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The Mercado Común del Sur (Southern Common Market, MERCOSUR), an integrated customs agreement, is experiencing its most trying moment since its creation in 1991 (NotiSur, Jan. 14, 1993, March 3, 2000, and Jan. 24, 2014). Although the organization’s presidency fell to Venezuela as of Aug. 1, the governments of Argentina, Brazil, and Paraguay, three of MERCOSUR’s five full members, made the surprise announcement that they would oppose President Nicolás Maduro’s installation. Speaking in nearly identical terms, they claimed that Venezuela has not complied with all requirements for full integration in MERCOSUR, and that its government violates human rights at home.

Uruguay took a contrasting position, pointing out that Venezuela had occupied the pro-tempore presidency in the past, even with these same alleged shortcomings. It noted that for the past 25 years, MERCOSUR’s leadership had changed every six months, with the only condition that the rotation be in strict alphabetical order.

“Encumbering the traditional procedures, the three right-wing governments are looking for a way to weaken MERCOSUR and abandoning solidarity to snuggle up to the neoliberal Alianza del Pacífico (AP) and aid the destabilization campaign designed to bring down Maduro,” said Eduardo Sigal, a diplomat and former assistant secretary of Argentina’s international economic integration agency (Integración Económica Internacional de Argentina) (NotiSur, Dec. 6, 2013, Sept 19, 2014, and Aug. 26, 2016).

Region-wide scope

MERCOSUR is the most solid attempt at regional integration to arise during the second half of the last century, which saw successive failures with the Asociación Latinoamericana de Libre Comercio and the still surviving Asociación Latinoamericana de Integración (ALADI). It unites all South American countries. Besides its five full members (Venezuela and Uruguay are the other two), Bolivia is in the process of joining, and Chile, Peru, Colombia, Ecuador, Surinam, and Guyana are associate members.

Despite its slow but successful development, the pendulum began to swing toward the Alianza del Pacífico with the change in the region’s political landscape—by the will of the electorate in Argentina, and by institutional maneuvering in Paraguay and Brazil. The trend became more marked when Venezuela should have occupied MERCOSUR’s temporary presidency, but there have been other signs. In August 2015, the president of the Brazilian Senate, Jose Renan Calheiros, and the country’s acting foreign minister, José Serra—both of whom were deeply committed to the impeachment of Dilma Rousseff (NotiSur, April 10, 2015, April 29, 2016, and June 24, 2016)—had already proposed ending the customs union and moving toward a free trade zone. Paraguay quickly signaled agreement, as did Mauricio Macri, now president of Argentina.

Although there generally is confusion between the idea of a customs union and a free trade zone, the two concepts are nearly opposites. Speaking to the Uruguayan Congress, Uruguayan Foreign
Minister Rodolfo Nin Novoa explained it this way: A customs union implies a common external tariff (arancel externo común, AEC) and the commitment to negotiate with major countries or blocs of countries as a united group, while a free trade zone allows free circulation of goods and services between members but sidesteps the AEC because its existence would damage the negotiation of free trade agreements with nations outside the zone. Chile, which is seen as a model, develops its strategy of external insertion following neoliberal concepts, leaving solidarity between partners by the wayside. As an associate member, Chile can export all of its products to MERCOSUR countries with zero tariffs, while it also has agreements with 24 countries that give it a clear tariff advantage over the conditions of market access imposed on other competitors.

‘Everything is essentially political’

According to regional players, there are no legal issues on which to base the opposition to Venezuela’s presidency of MERCOSUR. “Everything is essentially political, and what they want to do is ruin our integration experience,” said Celso Amorim, who served as Brazil’s foreign minister during the administration of Luiz Inácio Lula da Silva (2003-2011) and as minister of defense under Rousseff (2010-2016). Argentina’s official news agency, Télam, quoted him as saying, “They accuse Venezuela of not complying with all the common external tariffs and give that as one of the basic reasons to block it from assuming the rotating presidency, but I ask, which country of the bloc isn’t in an identical situation? Which country completely applied the common external tariff?”

In Montevideo, Deputy Roberto Chiazzaro, president of the International Affairs Committee of the Uruguayan Congress, agreed with Amorim. “Venezuela met norms on nearly 1,500 provisions, but not 199. However, that is also the case with Uruguay, Argentina, Brazil, and Paraguay,” he said. “Moreover, one must see that many of these 199 items require constitutional changes.”

While Venezuela has critics throughout the region, even within the Uruguayan government, it is Nin Novoa who has put forth the strongest arguments to defend Venezuela’s right to hold the MERCOSUR presidency.

“It’s interesting that the three countries objecting to Venezuela’s presidency speak about a violation of norms and what they propose as alternative solutions to thwart Venezuela violates the norms established in treaties and agreements they say they respect,” Nin Novoa said in articles released by international news agencies on Aug. 5. “They tell us to postpone installing the president for a few weeks, they tell us to go along with the triumvirate, and even suggest we skip Venezuela and give the office to Argentina. None of this exists or is foreseen in any agreement or convention. What they are proposing we do is absolutely illegal.”

On Aug. 6, the Brazilian Senate agreed with statements by Amorim, Chiazzaro, and Nin Novoa when it issued a statement saying, “The decision of the interim government of Brazil directly opposes MERCOSUR’s principal legal instruments because Venezuela is a state that is part of the organization with full rights to its prerogatives and it is not subject to any type of sanctions from the bloc. Everything that is alleged is entirely inappropriate.”

The diplomatic leaders of Paraguay, Argentina, and Brazil, “proponents of the campaign to destroy MERCOSUR and cozy up to the AP,” as the Argentine diplomat Sigal put it, have been denounced in their respective countries for being, or having been, implicated in cases of violation of human rights and acts of corruption, the same charges they are levying against Venezuela to say that it is ineligible to hold the presidency. For example:
According to the July 29 edition of the Uruguayan daily El País, Paraguay’s Foreign Minister Eladio Loizaga (NotiSur, Aug. 7, 2016) identifies himself as “the first crusader to denounce the Venezuelan dictatorship as a violator of human rights.” His political past, as told by the right-leaning daily ABC Color, based in the Paraguayan capital, taints his opinions. After graduating in 1967 from Cristo Rey, a Jesuit school, he joined the country’s foreign service and was ambassador to the US and the Organization of American States (OAS). With the end of the Alfredo Stroessner dictatorship (1954-1989), Loizaga temporarily left the diplomatic service to join the congressional slate of the Colorado Party, a party that supported Stroessner’s bloody 22-year regime. In 2005, he was indicted for crimes against humanity as civilian head of the Paraguayan branch of the Condor Plan, a repressive agreement between Southern Cone dictatorships in the 1960s and 70s.

Despite having been head UN Secretary-General Ban Ki-moon’s Cabinet, the Argentine Susana Malcorra was unknown in her country until she became Macri’s foreign minister (NotiSur, Dec. 4, 2015, and Sept. 2, 2016). At her appointment, the country’s media reported on what the pro-government website Infobae referred to as “a history we would have preferred not to know.” It referred to a report that had been published in The Guardian on April 29, 2015, that identified Malcorra as one of those responsible for “covering up complaints about sexual abuse of minors by UN peacekeepers in Central African Republic and later the for persecution of an official of the agency,” for having leaked the news. The investigative report by journalist Sandra Laville was based on a series of documents released by the AIDS-Free World organization as part of its Code Blue campaign to put an end to immunity for UN peacekeepers responsible for exploitation and sexual abuse. Malcorra moved to the US in 2001 after working as an IBM manager and being named CEO of the Italian-Argentine telephone company Telecom. She resigned from Telecom after having cut workers’ salaries and proposing the dismissal of 15% of the workforce.

Some of the defendants in the corruption case of the Brazilian oil company Petrobras (NotiSur, Aug. 14, 2015) alleged that Serra, the Brazilian foreign minister, had received bribes of $7.25 million for his 2010 presidential campaign, when he was defeated by Rousseff. On Aug. 7, the São Paulo daily Folha quoted court depositions of executives of Odebrecht, the country’s largest construction firm, stating that the money had been deposited in one of Serra’s “hidden accounts.” Serra was running as a member of the Partido da Social Democracia Brasileira (PSDB), now sharing power in Brazil. The accusers, who spoke under the controversial whistleblower protection in hopes of obtaining lighter sentences, released receipts from their bank deposits to the courts. Serra was also accused of receiving bribes to award road construction projects between 2007 and 2011 when he was governor of the state of São Paulo.

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