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MERCOSUR Trade Bloc Severs Ties with Venezuela

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Venezuelan President Nicolás Maduro, his hands already full trying to salvage faltering Vatican-mediated talks with the opposition (NotiSur, Nov. 4, 2016), received even more bad news on Dec. 2—this time from the Mercado Común del Sur (Southern Common Market, MERCOSUR) trade bloc, which Venezuela joined five years go.

That day, Argentina, Brazil, and Paraguay, with conditional support from Uruguay, MERCOSUR’s other founding member state, moved to suspend Venezuela from the bloc. The step followed months of diplomatic wrangling during which Argentina, Brazil, and Paraguay—all under conservative leadership right now—shunned the Maduro government by refusing to recognize its turn in MERCOSUR’s pro tempore (rotating) presidency (NotiSur, Sept. 9, 2016).

To the dismay of PARLASUR, the trade bloc’s legislative branch, the decision was not made in the normal institutional framework of MERCOSUR but rather through bilateral talks between the foreign affairs ministers of member states. Argentina, Brazil, and Paraguay, in the meantime, are pushing for closer ties with the Alianza del Pacífico trade group, which involves Chile, Peru, Colombia, and Mexico. All of this raises serious questions about the bloc’s future, according to regional analysts and even the authorities in MERCOSUR member.

The suspension was formalized in a brief statement signed by the Argentine, Brazilian, Paraguayan, and Uruguayan foreign affairs ministers, who “communicated” to Venezuela the “cessation,” starting on that date, of the functioning of its inherent rights as a member state. Although the text was approved by all four officials, there is no consensus on the exact meaning of “cessation.” This is no small issue and demonstrates how improvised the move was, critics say. Whereas Uruguay interprets “cessation” as meaning that Venezuela lost its vote but not its voice and still has a right to participate in MERCOSUR meetings and events, the other three countries consider it to mean complete expulsion.

Squeezed out

Last August, Argentina, Brazil, and Paraguay openly opposed the transfer—in alphabetical order as established by the trade bloc’s rules—of the rotating MERCOSUR presidency from Uruguay to Venezuela. Jorge Taiana of Argentina, a former foreign affairs minister who serves as the PARLASUR president, described the maneuver as “the first chapter in the offensive by the rightist governments to freeze and later destroy MERCOSUR and align themselves with the neoliberal Alianza del Pacifico.”

Uruguay ended up bowing to pressure from its trade bloc partners and agreeing to have a collective presidency for the remainder of 2016, even though there is no institutional precedent for such a thing. From that point until late December, when Argentina took over the bloc’s pro tempore presidency, MERCOSUR was, as Taiana explained, effectively frozen. The Consejo del Mercado Común, the group’s central council, made just a handful of decisions during that time, making 2016 the most inactive year for MERCOSUR since its creation in March 1991.
A press release issued by the Foreign Affairs Ministry of Brazil justified the suspension by explaining that Venezuela—despite urgings from the bloc’s four founding members—failed to ratify certain agreements that had been pending since it first joined MERCOSUR in 2012. The deadline for doing so, the Brazilians explained, was Dec. 1. Critics, however, charged there was another reason for the decision, one more along the lines of what Taiana suggested. Argentina, Paraguay, and the regime that has taken control in Brazil following the removal of the democratically elected president, Dilma Rousseff, didn’t want MERCOSUR’s rotating presidency, it appears, to go to a country whose democracy is being questioned as part of a region-wide, right-wing attempt to help the Mesa de la Unidad Democrática (MUD), Venezuela’s opposition coalition (NotiSur, July 8, 2016, and Aug. 26, 2016).

The then-foreign affairs secretary of Uruguay, José Luis Cancela, suggested as much in an interview with El País, telling the Montevideo daily that the membership requirements Venezuela is accused of not fulfilling “are also things the founding member states lack.” He also said that by late November, Venezuela had met 95% of all membership requirements.

Cancela went on to say that in a letter dated Nov. 30, Venezuela’s foreign affairs minister, Delcy Rodríguez, had announced that her country was ready to join the Acuerdo de Complementación Económica 18 (ACE 18), a MERCOSUR trade agreement that the four founding members signed in December 2003. ACE 18 regulates the exchange of goods between the countries, with a special emphasis on tariff reductions. Since 2013, Caracas has also had individual free-trade agreements in place with each of the member countries. At the time of its suspension, the only details Venezuela still needed to work out with regards to ACE 18 were some nomenclature issues and the so-called “origin regime,” a system used to certify products as being produced by member countries and therefore exempt from trade duties.

‘Conspicuously improper’

Venezuela’s suspension from the bloc drew a sharp and swift rebuke from PARLASUR, which made its position known even before the Brazilian Foreign Affairs Ministry communiqué went public but at a time when efforts to exclude Venezuela had already been in swing for several days. “MERCOSUR is subject to international law and its members are required to adhere to the Tratado de Asunción [Treaty of Asunción] and the other founding documents,” PARLASUR legislators argued in a unanimous resolution. The Tratado de Asunción is the agreement, signed in the Paraguayan capital in March 1991, that first gave rise to MERCOSUR.

The PARLASUR declaration reminded the original MERCOSUR member states that they are supposed to “resolve their disagreements through the established institutional mechanisms.” Using language that was more political than diplomatic, Taiana, in presenting the resolution, blasted Venezuela’s suspension as “an attack on the Venezuelan people, on the country’s democratic stability, on MERCOSUR as a tool for integration, and on the process of Latin American integration as a whole.”

The regional legislative body has 186 directly elected members. Representation in PARLASUR is proportional to the population size in each of the member states. Brazil, the largest country, has 75 elected representatives. Argentina and Venezuela have 43 and 32 respectively, and Paraguay and Uruguay have 18 PARLASUR members each.

The development drew criticism from the academic world as well.
“It’s clear that Brazil, Argentina, and Paraguay don’t like Maduro,” wrote Alberto Müller, a sociologist and economist at the state-run Universidad de Buenos Aires. “But this episode isn’t just an attack on the government of Venezuela. It’s more than that: It’s a new step toward the end of MERCOSUR as a bloc of countries.”

Müller went on to say, “The opening act in this farce was the decision to block Venezuela from taking on the rotating presidency, a step that was conspicuously improper and done to harass the government in Caracas, to discredit it internationally and support the MUD, an alliance of political figures who don’t all have the same commitment to democracy. Maduro was questioned because of the upheaval [in Venezuela], which is clearly an issue but shouldn’t be an institutional impediment [to serving in MERCOSUR]. It was a position pushed forward by none other than the government that was set up in Brazil after the clown show that ousted Dilma Rousseff” (NotiSur, April 29, 2016, June 24, 2016, Sept. 30, 2016).

**Eyeing the Alianza**

Opposition lawmakers in the trade bloc’s four founding countries also criticized the move and agree, even in the language they use, that Venezuela’s suspension is a “coup against MERCOSUR.” Uruguayan legislator José Carlos Mahía, a moderate who serves as vice president of the governing Frente Amplio, a leftist coalition, offered a convincing summary of the situation. “Maduro has an aggressive approach that does little to generate sympathy and understanding among those of us who want to defend institutional continuity in Venezuela,” he said. Venezuela’s removal from MERCOSUR, nevertheless, is “embarrassing,” he said, adding that the press release announcing the decision “is an abomination from the perspective of international law.”

Mahía recalled that in the case of Paraguay, which was suspended in June 2012 after Fernando Lugo (2008-2012), the country’s democratically elected leader, was removed from office, an appeal was made to the Protocolo de Ushuaia, a 1998 agreement reaffirming the commitment of MERCOSUR countries to democratic principles. No such appeal was made, he noted, in the wake of Rousseff’s removal (NotiSur, Sept. 30, 2016). “The rightist presidents Mauricio Macri [Argentina] and Michel Temer [Brazil] had already made the decision to expel Venezuela,” Mahía said. “They then sought out a false pretext to achieve it, convert MERCOSUR into a new right-wing club, and strengthen the neoliberal Alianza del Pacífico.”

The government of Brazil, for its part, says it wants to join Alianza del Pacífico, which is being pushed by Chile, Peru, Colombia, and Mexico, but “without dismantling MERCOSUR.” In Paraguay, President Horacio Cartes has said that his country’s “goal ought to be the Alianza del Pacífico.” The leader of Uruguay, Tabaré Vázquez, is trying to strike a balance between wanting to join the Alianza and the position of the Frente Amplio, the coalition that backs him, which calls for “defending the continuity of MERCOSUR at all costs.”

On Dec. 16, when Macri was visited in Buenos Aires by his Chilean counterpart, Michelle Bachelet, the Argentine leader expressed hope that during Chile’s turn as the rotating head of the Alianza del Pacífico (until mid 2017) MERCOSUR ministers would be able to meet with the Pacific bloc. “We’re very interested in Argentina becoming a member,” he said. Sources claim that Bachelet offered to do “everything in her power” to help Argentina join the Alianza, and that Macri wants Argentina to be the “backbone that brings MERCOSUR and the Alianza del Pacífico together in a world that must be ever more integrated.”