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## **Mexico Attempts To Recapture Leadership Role In Latin America At Regional Summit; Energy, Sustainability On Agenda**

*by LADB Staff*

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President Felipe Calderon succeeded to some extent in repositioning Mexico as a leader in Latin America, hosting what was generally perceived as a successful summit of Latin American and Caribbean countries in Quintana Roo state on Feb. 20-23. As host, Mexico took a lead in pushing through a proposal to create a regional consultative bloc that excludes the US and Canada. Calderon was also at the forefront in renewing regional awareness on issues related to energy and environmental sustainability. Although the summit's 10-point action list did not mention energy policy or environmental sustainability, these topics were included in an 88-point document. Mexico also used the summit to solidify its economic relations with Brazil, especially regarding energy.

The two countries are the largest economies in Latin America. For some, Mexico's decision to embrace creating a bloc that would rival and perhaps marginalize the Organization of American States (OAS) was important symbolically. "Mexico strengthened its ties to Latin America this week in a manner unseen since last century," the Mexico City daily newspaper *El Universal* noted in an editorial on Feb. 25. By making this move, the newspaper said, Mexico took a step back from the US, its longtime economic and political ally. "Even if we suppose that it is convenient for Mexico to have the US as its most important ally, the move toward Latin America is an excellent strategy," said the editorial. "This way our neighbor to the north will have to realize that ignoring its ally would be costly."

Although countries like Venezuela, Bolivia, and Cuba which are seen as adversarial to the US had pushed for creating the bloc as an alternative to the OAS, Calderon and Brazilian President Luiz Inacio Lula da Silva went to great lengths to emphasize that the new grouping should not be seen as a direct affront to the US. "No one needs to be concerned, because we are only looking for ways to organize ourselves [as a region], to establish a forum to help each other," said Lula. "We are building the type of community that we wanted for many years," said Calderon. "This community will open up opportunities for all, not only through economic, political, and cultural integration, but also by creating a space to address controversies and allow us to solve our own problems." But others suggested that Mexico, by embracing the new bloc so strongly, was trying to compete with Brazil for leadership in the Americas. "What lies behind the creation of the proposed Community is an effort by Mexico to regain a foothold in Latin America, after three years in which the Calderon government has allowed Brazil to virtually displace it from the region's diplomatic community," said syndicated columnist Andres Oppenheimer. "Over the past three years, Brazil has consolidated its UNASUR [Union de Naciones Suramericanas] diplomatic bloc, which automatically excluded Mexico for geographical reasons, and allowed Brazil to become Latin America's undisputed leader."

Mexico meets with Caribbean nations to discuss Haiti Observers said Mexico demonstrated regional leadership in other ways, such as bringing together countries from the region to discuss trade, economic cooperation, and reconstruction efforts for Haiti following the devastating earthquake in January (NotiCen, January 21, 2010 and February 18, 2010). "In a private session [with Haitian President Rene Preval], which also included representatives of Guyana, the Bahamas, St. Lucia, and Suriname, the Mexican president presented his proposal of regional cooperation to address the emergency situation facing Haiti," said Inter Press Service. Some analysts suggested that the meeting with the Caribbean countries was part of an effort by Calderon to recover influence in the region, which was lost when Mexico de-emphasized its role in the Acuerdo de San Jose, or San Jose Pact. Under this 1980 agreement, Mexico and Venezuela sold 160,000 barrels of oil to Central American and Caribbean countries at a low cost. But Venezuela has made arrangements outside the San Jose Pact to provide energy assistance to Caribbean and Central American countries (NotiCen, April 19, 2007). "Venezuela's influence in the region has grown in the last few years," said Adalberto Santana, an analyst at the Universidad Nacional Autonoma de Mexico (UNAM).

While Mexico insists it is not competing with Venezuela for influence in the Caribbean region, Calderon appears to be expanding connections with area leaders. "Ever since the earthquake, the Mexican government has adopted a position that is much more oriented toward Latin America and has played a very active role in providing assistance," said Santana. "With Haiti, it is trying to fill a void left since the end of the 1990s, when Mexico stopped playing an active role in the region." Summit backs Calderon on effort to create Green Fund Energy and sustainability were generally absent from public discussions at the summit, although environmental advocates like Greenpeace had urged Latin American and Caribbean nations to give these areas high priority. Only one of the 10 action points developed by conference participants involved an important energy-related issue, and it was more political. Participants joined with Argentine President Cristina Fernandez de Kirchner in condemning the British government's decision to allow a private company to begin oil exploration in the Malvinas, or Falklands, a territory that both Britain and Argentina claim (NotiSur, January 08, 2010). But the text of the summit's final document did contain several clauses committing participants in environmental sustainability and energy cooperation.

The two areas are interrelated because developing alternative energy is becoming a major part of energy policy. The inclusion of language promoting energy and sustainability in the final document was important to Calderon, who will host the next phase of the global climate-change talks in Cancun in December 2010 (SourceMex, January 27, 2010). As part of his efforts to turn his country into a leading voice in the international campaign against global climate change, Calderon has worked behind the scenes to gain support for a "Green Fund" to help finance anti-pollution projects in lesser-developed countries (SourceMex, December 16, 2009). Although there was little public conversation about the Green Fund, there appeared to be strong support for this mechanism at the summit.

For example, the Mexico City daily newspaper Reforma reported that Cuban President Raul Castro, standing next to Calderon, strongly endorsed the fund in comments to reporters. "We defend the principle of shared but acknowledged responsibility," said the Cuban president, calling on the industrialized nations to recognize their major role in causing global warming. And four of the 88 points in the Cancun declaration addressed climate change directly, including tacitly supporting

the Green Fund: \*Participants expressed strong concern about the rapid spread of global warming and offered support for UN efforts to address this problem. \*Through the framework of the UN, there must be a financing mechanism that is transparent and efficient, to help support the efforts of countries in the region to address global climate change. \*Developed industrialized countries must meet their commitments under the UN Convention on Climate Change to provide financing, transfer of technology, and training to help those countries that are especially vulnerable to the effects of climate change. \*Participants endorsed the UN decision to hold the next stage of global climate talks in Latin America. They offered their strong support to Mexico, which will be hosting the follow-up conference in December 2010, and urged that the discussions be transparent and inclusive. They expressed hope that the discussions would lead to an agreement that would not only meet the needs of the region, but also humanity as a whole. Regarding energy, summit participants made the following general points, some overlapping with others: \*Latin America and the Caribbean are facing serious challenges in formulating energy policy because of price, demand and supply factors.

Therefore, there is a need to reduce the region's vulnerability to these factors. \*The smaller and lesser-developed economies in the region need greater access to diverse, affordable, and reliable forms of energy to promote a sustained economic and social development. Cooperation and integration are needed to promote energy efficiency and the rational use of fossil and renewable resources. \*The region needs to explore areas of energy cooperation to efficiently use traditional sources of energy. Participants also pledged to promote and expand the use of renewable energy, supporting efforts to share technology and expertise on biofuels, wind energy, thermoelectric energy, solar energy, and other sources. \*Energy is of utmost importance for sustainable and equitable development. The countries in the region recognize all the valuable initiatives linked to cooperation and integration in the area of energy.

For Latin America watchers like the Economic Commission for Latin America and the Caribbean (ECLAC), the behind-the-scenes agreements, including those on energy and sustainability, are very important for the future of the region. "In this way, the commitments that were adopted in the areas of infrastructure, energy, connectivity, trade, and transportation, for example, will become fundamental factors in the competitiveness and the growth of Latin America and the Caribbean," said ECLAC. Bilateral energy cooperation efforts emerge from conference Even more important than the general agreements made by the 32 participants, the summit provided countries opportunities to discuss energy cooperation on a one-to-one basis and later conduct follow-up discussions. Brazil and Chile, two powerful South American countries whose leaders are completing their terms, were among the nations that took advantage of this opportunity.

After the conference, Chilean President Michelle Bachelet met with Prime Minister Patrick Manning in Port of Spain, Trinidad and Tobago, where the two leaders signed a memorandum of understanding to expand cooperation in the area of energy. They also discussed the possibility of negotiating a bilateral free-trade agreement (FTA). Chile, which is a net importer of hydrocarbons, is attempting to diversify its sources of natural gas to compensate for Argentina's cuts in exports. In 2009, Chile completed the large-capacity Quintero storage terminal for liquefied natural gas (LNG), allowing an increase in imports from sources other than Argentina. "Trinidad and Tobago is a reliable supplier of energy resources," Bachelet said at a press conference in Port of Spain announcing a deal to expand LNG imports from the Caribbean country.

The conference also resulted in increased contacts between Colombia and Venezuela. Despite a much publicized public spat between Presidents Alvaro Uribe of Colombia and Hugo Chavez of Venezuela, there was a gesture of cooperation between the two countries after the forum. Chavez and Uribe had been at odds because of Colombia's decision to allow US bases on its territory and allegations that Venezuela had supported Colombian guerrillas (NotiSur, November 20, 2009). The two countries are also feuding about Venezuelan sanctions on imports of Colombian products and allegations that Colombia is harboring paramilitary groups on its side of their common border. The two men reportedly exchanged harsh words at the conference, but an escalation of the dispute was averted when Calderon and Castro stepped in to separate the two South American leaders. Afterward, Colombia and Venezuela agreed to work with a group of four countries, called Amigos de Venezuela y Colombia, to address their conflicts. The group comprises Argentina, Brazil, Chile, and the Dominican Republic. "Both countries agreed to discuss their differences through a respectful dialogue," said Calderon.

The easing of tensions allowed Colombia to make a gesture to Venezuela, which has suffered a severe shortage of electrical power because of drought conditions and overtaxed infrastructure (NotiSur, February 12, 2010). After the conference, Colombian authorities offered to sell their neighbor 70 megawatts of electricity per day. After consideration, Venezuela rejected the offer, saying that the imports were not needed because it expected improvements in its electrical grid to be in place by May. Brazil also took the opportunity to expand discussions on energy with Cuba. After the conference, Lula met with Castro in Havana to finalize a series of agreements, including an accord to assist Cuba in developing a plan to explore and extract deep-water oil reserves. Brazil's state-run oil company Petrobras, which has extensive experience in deep waters, has explored possible cooperation with Cuba since 2008 (NotiCen, October 23, 2008). Lula also followed up on plans for Brazil to assist Cuba in constructing a plant in Havana to produce oil derivatives.

Initial discussions had already been held between the two countries, led by Brazil's Industry and Commerce Minister Miguel Jorge. During the visit, Lula announced approval of low-interest loans totaling US\$1 billion for Cuba to devote to projects such as expanding and modernizing the port of Mariel, highway construction, and rice and sugarcane production. During his trip to Mexico, Lula also finalized an energy-related accord with Calderon. The two leaders announced that state-run oil company PEMEX, Mexican engineering company Grupo Idesa, and private Brazilian petrochemical consortium Braskem have reached an agreement to construct a plant in Veracruz state to produce ethylene.

The plant, which would cost US\$2.5 billion, is expected to supply 66,000 tons of ethylene a day to PEMEX when it opens in 2015. The new facility would be constructed near three other petrochemical plants operated by PEMEX: La Cangrejera, Morelos, and Pajaritos, all of which also supply ethylene to the company. Funding for the new facility would come both from private and public sources, with some of the credits provided by Mexican state-run lenders Nacional Financiera (NAFIN) and Banco Nacional de Comercio Exterior (BANCOMEXT). Brazil and Mexico already have other energy-cooperation ventures in place, including an agreement between Petrobras and PEMEX to help Mexico with a strategy to extract deep-water oil reserves in the Gulf of Mexico (SourceMex, August 26, 2009).

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