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## **Special Report**

**on**

## **UNASUR**

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### **Introduction**

Globalisation has permeated and changed the everyday life of men and women around the globe. While globalisation is not a new phenomenon, the technological advances of the last decades have contributed towards changing the way we interact globally at the social, cultural, political and, especially, economic level. The globalisation process was accompanied by a structural tendency of the global economy to advance economic integration agreements, especially after the Cold War. The processes of regionalisation acquired growing importance in response to global challenges. Regionalism and globalisation influence each other at several interacting levels. While old regionalism was mainly related to security and economic concerns, the scope of new regionalism encompasses multi-dimensional social processes. Regionalism went beyond trade arrangements to include monetary policy, development strategy, and even cooperation in the area of public goods and environment, among other fields. In this sense, it does not imply the interaction of only the governments, but of other private actors and the civil society as well.<sup>1</sup>

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<sup>1</sup> Nahuel Arenas-García, "21st Century Regionalism in South America: UNASUR and the Search for Development Alternatives," *eSharp*, Issue 18: Challenges of Development (2012), [http://www.gla.ac.uk/media/media\\_228378\\_en.pdf](http://www.gla.ac.uk/media/media_228378_en.pdf), pp. 65-66, (Accessed on 10 January 2015).

Most countries are part of one or more regional forums as it allows them better mechanisms to try to resolve regional concerns, build mutual consensus for regional projects and cooperate to address common challenges of development and human security and national security. Further, it provides multiple anchorages to understand political, economic and strategic dynamics.

Regional integration can be pursued at different levels of depth and it can take many forms – from lighter agreements of cooperation to inter-governmental arrangements or supranational institutions. Deeper regional economic integration can help member countries to strengthen their economic and political institutions. But more importantly, as the region becomes more cohesive and gains identity and weight as an actor, it can eventually help shape the world order.<sup>2</sup> Regions have gained centrality in the post-September 11 international system. As a result, the role of emerging regional powers, such as Russia, China, India, and Brazil, in the face of the alleged decline in American power, has grown. Nonetheless, there remains speculation on the role of these regional powers and emerging global players in the construction and maintenance of international and regional orders and to what extent and in what ways will they change international politics.

It is with this view in mind that this paper attempts to study the Union of South American Nations or UNASUR. The aim of the paper is to examine the accomplishments and challenges that are faced by the organisation.

### **Regionalism in Latin America**

As stated above, regionalism is not a new phenomenon and it is not new to Latin America either. The processes of integration in the region have their background in the independence movements against European monarchies during the first half of the 19th Century.

Regionalism in western hemisphere can be traced back to the Monroe Doctrine. On 02<sup>nd</sup> December 1823, President James Monroe, in his annual address to the US Congress, stated, “The American continents... are henceforth not to be considered as subjects for

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<sup>2</sup> *Ibid.*, pp. 66.

future colonisation by any European Powers.”<sup>3</sup> The roots of such an assertion can be found in the Spanish endeavour to reclaim its lost territories in Central America. President James Monroe, then, on the advice of his Secretary of State John Quincy Adams made the above announcement in his annual message to the Congress. The position taken by President James Monroe did not immediately become a doctrine. According to the American historian Dexter Perkins, it was in 1853, that the word ‘doctrine’ was first used to describe the policy or the ‘Monroe principles’, by politicians and newspapers, which became the ‘Monroe Doctrine’, and functioned as a fundamental building block of the foreign policy of the United States towards the region. The doctrine emphasised non- interference of the European Powers in the Western Hemisphere, which included all the countries within the two continents. It also guaranteed non-interference by the United States in the Eastern Hemisphere. The three main concepts of the doctrine—separate spheres of influence for the Americas and Europe, non-colonization, and non-intervention—were designed to signify a clear break between the New World and the autocratic realm of Europe. While Americans generally objected to European colonies in the New World, they also desired to increase United States’ influence and trading ties throughout the region to their south. European mercantilism posed the greatest obstacle to economic expansion.<sup>4</sup>

In the late 1800s, the United States’ economic and military power enabled it to enforce the Monroe Doctrine. It was applied to Latin America on various occasions by the United States. At first, it was used to ward off advances by European powers in Latin America. In 1861, the United States combated Spanish advances in the Dominican Republic and the Spanish retreated by 1865. The Doctrine was also invoked against France, as the French tried to intervene in the affairs of Mexico by appointing Archduke Maximilian of Austria as the head of the government. The United States considered it a violation of the Monroe Doctrine. The French later abandoned Archduke Maximilian who was executed by the Mexican people.

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<sup>3</sup> The Monroe Doctrine, Primary Documents of American History, the Library of Congress, <https://www.loc.gov/rr/program/bib/ourdocs/Monroe.html> (Accessed 11 February, 2016)

<sup>4</sup> Office of the Historian, US Department of State, “Monroe Doctrine, 1823,” <https://history.state.gov/milestones/1801-1829/monroe>, (Accessed on 29 February 2016).

The doctrine's greatest extension came with Theodore Roosevelt's Corollary, which inverted the original meaning of the doctrine and came to justify unilaterally the United States intervention in Latin America. Although the Monroe Doctrine of 1823 was essentially passive (it asked the Europeans not to increase their influence or recolonize any part of the Western Hemisphere), by the 20th century a more confident United States was willing to take on the role of regional policeman. In the early 1900s, President Roosevelt was concerned that a crisis between Venezuela and its creditors could spark an invasion of that nation by European powers. The Roosevelt Corollary of December 1904 stated that the United States would intervene as a last resort to ensure that other nations in the Western Hemisphere fulfilled their obligations to international creditors, and did not violate the rights of the United States or invite "foreign aggression to the detriment of the entire body of American nations." As the corollary worked out in practice, the United States increasingly used military force to restore internal stability to the nations in the region. President Roosevelt declared that the United States might "exercise international police power in 'flagrant cases of such wrongdoing or impotence.'"<sup>5</sup>

The doctrine and the corollary were invoked by the United States to intervene in the internal affairs of Latin American countries. It was used during the building of the Panama Canal to keep out the Europeans and then to instil control of the United States over the Canal. The doctrine was used to justify the United States' attempts to compel the Dominican Republic to hand over control of its customs to the United States in order to stabilise the former's finances. It was later invoked for military interventions in Nicaragua, Haiti, Cuba and also the Dominican Republic.

The Monroe Doctrine and the Roosevelt Corollary came to be deeply despised in Latin America as the countries realised that it was used as a blanket excuse for United States' intervention in the region. There was a collective disdain for the policy and a need was felt for a counter to the doctrine. As the Latin American sentiment against the doctrine's use grew stronger, Secretary of State Cordell Hull signed a protocol in 1933 that restrained the United States from intervening in the internal affairs of any other

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<sup>5</sup> Office of the Historian, US Department of State, "Roosevelt Corollary to the Monroe Doctrine, 1904". <https://history.state.gov/milestones/1899-1913/roosevelt-and-monroe-doctrine>, (Accessed on 29 February 2016).

country in the Western Hemisphere.<sup>6</sup> Nonetheless, as the fear of communism grew, the United States would often intervene in political situations. In 1954, the Central Intelligence Agency (CIA) organised a coup that overthrew the democratically elected Jacobo Arbenz in Guatemala. The United States justified its involvement by claiming that Soviets had an uncomfortable amount of influence over Guatemala, even though the two countries didn't even maintain diplomatic relations. The real reason for its involvement came due to the pressure from the United Fruit Company, whose land was expropriated by President Arbenz's land reforms.

The United States enacted trade and credit embargos, sabotaged goods destined for Cuba, made multiple assassination attempts on Fidel Castro, his brother Raul, and Che Guevara to defeat the communist island nation.

In Chile, the CIA unsuccessfully prevented Salvador Allende from winning the Chilean presidency by spreading propaganda and funding the opposition; it concentrated its efforts on getting him overthrown. The campaign, which involved bribing officers and spreading misinformation, was eventually successful and General Augusto Pinochet took over power. His government was responsible for seventeen years of repressive military rule.

The United States intervention in Nicaragua by funding rebel fighters against the government and through economic and diplomatic pressure ensured that the Sandinistas lost the election in 1990. The turmoil has made the country one of the poorest in the region.

The United States created several programmes aimed at helping Latin American countries resist an alliance with the Soviet Union and in a bid to improve its image in the region. For example, President John F. Kennedy proposed a 10-year, multibillion-dollar aid program for Latin America. The program came to be known as the Alliance for Progress (1961) and was designed to improve United States' relations with Latin America, which had been severely damaged. The Latin American republics were

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<sup>6</sup> The Monroe Doctrine, United States History, <http://www.u-s-history.com/pages/h255.html> (Accessed 11 February 2016).

disappointed with United States' economic assistance after World War II compared to Europe. They felt they had contributed equally to support the United States war efforts. They were also opposed to its intervention in all matters of the region.

In requesting funding from the Congress, President Kennedy stated that it would allow the United States to provide money, expertise, and technology to raise the standard of living for the people of Latin America, which would hopefully make the countries stronger and better able to resist communist influences. The Alliance did not achieve all its lofty goals. According to one study, only two per cent of economic growth in 1960s Latin America directly benefited the poor; and there was a general deterioration of United States-Latin American relations by the end of the 1960s. The Alliance certainly failed in its effort to bring democracy to Latin America: by the time the program faded away in the early-1970s, 13 governments in Latin America had been replaced by military rule.<sup>7</sup>

### **Regional Groupings in Latin America**

Regionalism in Latin America has a history of oscillating between support for the United States and those who oppose this imposition/or the undue intervention of the United States in the political, diplomatic, military and economic policies of the countries of the region. Nonetheless, one cannot deny that there are factors that allow the United States and the countries of the region to develop close relations. For example, Mexico, the Central American and Caribbean States have always had a stronger link to the United States due to geographical proximity and people to people contacts. This proximity has also allowed them to develop close economic relations through migration and remittances along with trade relations. These reasons do influence the development of regional organisations and the decisions of countries to join a grouping or not.

The other factor that influences the participation of the countries in any regional integration is their perception of advantages they would achieve as a result of joining the grouping. This gain may manifest in economic growth with improved trade opportunity, ease of doing business and financial transactions, enlarged market, and the

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<sup>7</sup> Office of the Historian, US Department of State, "Alliance for Progress and the Peace Corps, 1961-1969," <https://history.state.gov/milestones/1961-1968/alliance-for-progress>, (Accessed on 29 February 2016).

possibility of being able to negotiate favourable terms in global economic negotiations. It could also lead to gaining political influence that may allow a country to play an important role in regional politics. It could also be linked to strategic gains. In other words, countries will stay or join regional groupings if they perceive that the economic and political advantages of participation outweigh the benefits of non-participation.

### ***Alliance in Latin America***

Latin America has seen several regional organisations before UNASUR. The Organisation of American States (OAS) is one of the oldest regional organisations in the region. The OAS came into being in 1948 with the signing in Bogotá, Colombia, of the Charter of the OAS, which entered into force in December 1951. The Organisation was established in order to achieve among its member states—as stipulated in Article 1 of the Charter—"an order of peace and justice, to promote their solidarity, to strengthen their collaboration, and to defend their sovereignty, their territorial integrity, and their independence." Today, the OAS brings together all 35 independent states of the Americas and constitutes the main political, juridical, and social governmental forum in the Hemisphere. In addition, it has granted permanent observer status to 69 states, as well as to the European Union (EU). The Organisation uses a four-pronged approach to effectively implement its essential purposes, based on its main pillars: democracy, human rights, security, and development, to support one another through political dialogue, inclusiveness, cooperation, and legal and follow-up instruments that provide the OAS with the tools to maximize its work in the Hemisphere.<sup>8</sup>

The issue of Cuba's membership in the OAS has been a source of contention among member states, further fuelling questions about the OAS's consistency in defending democracy in the region. After the Cuban revolution saw Fidel Castro's communist regime rise to power in 1959, the United States began to push for Cuba's removal from the organization. Some OAS members said that the move violated the OAS principle of non-intervention in members' internal affairs. In January 1962, Cuba was suspended from the OAS on the grounds that its self-proclaimed Marxist-Leninist government was "incompatible with the principles and objectives of the inter-American system." In 2009, the OAS voted unanimously to lift the suspension, with the condition that Cuba be

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<sup>8</sup> Organisation of American States, <http://www.oas.org/en/default.asp>, (Accessed on 29 February 2016).

subject to a “process of dialogue” on OAS principles before renewing its participation. Cuban officials said that they were not interested in rejoining the organization. However, President Raul Castro accepted Panamanian President Juan Carlos Varela’s invitation to attend the OAS’s 2015 summit in Panama City. The question of how the United States should interact with the OAS has emerged as the Obama administration seeks to reopen diplomatic relations with Cuba. OAS summits serve as a way for the United States’ government to demonstrate its willingness to work with Latin America in the face of regional ideological polarization and China's growing influence in the region, analysts say. However, much of the summits’ value comes from informal interactions on the sidelines.<sup>9</sup>

As the recession struck the United States economy, the OAS lost its position on the priority list within the American budget; the influence of the organisation began to gradually fade. The Republican Party members even tried to remove the annual contribution to the OAS which is worth \$43 million USD.<sup>10</sup> The other reason for its lack of prominence in the region was its inability to provide the region with desired reactions to socio-political events in the continent. For instance, in 2009, during the coup in Honduras, President Manuel Zelaya was ousted and exiled; however, the Obama administration failed to respond to this. The United States even refused to recognise the coup, this greatly disappointed the leaders of Latin America and a need was felt for a regional organisation sans the influence of the United States.<sup>11</sup>

With increased United States intervention in Latin America, a need was felt for a regional organisation without the overbearing influence of the northern neighbour. This led to the Rio Group in 1986. The Rio group, however, functioned through its annual summits and did not form any kind of permanent body. There were also other sub-regional organisations with a smaller number of members. In 1951, was the Organisation of Central American States to promote regional cooperation among

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<sup>9</sup> Brianna Lee, and Danielle Renwick, “The Organisation of American States,” <http://www.cfr.org/latin-america-and-the-caribbean/organization-american-states/p27945>, (Accessed on 29 February 2016).

<sup>10</sup> “The United States and Latin America: Partnership and its Obstacles.” *The Economist*, September 03, 2011, <https://www.economist.com/node/2152871>, (Accessed on 12 February 2016).

<sup>11</sup> “The Bolivarization of South America: The Rise of Pan-Americanism”, *Globalisation* 101, <https://www.globalization101.org/the-bolivarization-of-south-america-the-rise-of-pan-americanism-2/>, (Accessed on 12 February 2016).

Central American States. This was responsible for the formation of the Central Bank for American Integration, the Central American Common Market and also the Secretariat for Central Economic Cooperation (SEICA). There were trade blocks that emerged – The Latin American Free Trade Association (LAFTA) in 1960; they aimed at creating a common market for Latin America and offer tariff rebates. 1980 saw the rise of Latin American Integration Organisation that aimed at encouraging economic and social cooperation in the region.

The failure of LAFTA favoured the increase of sub-regional integration blocs. Among these, the Andean Group was created in 1969 by the Cartagena Agreement. The “Andean Community”, previously known as the “Andean Pact”, was an inter-governmental organisation created by Bolivia, Peru, Venezuela, Columbia and Ecuador with the aim to promote the expansion of markets and guarantee an effective economic development to the region. The Andean Pact was based on two fundamental conceptions. First, it was tied to a closed integration model, which conceived the joining processes between countries as facilitator vehicles of the market expansion, the implementation of joint development programs at industrial level and the protection to third countries. Second, from the institutional point of view, the Andean Organization, mainly inspired by the process of European integration, was built on functionalist and neo-functionalist schemes. The principal reason for the Pact's formation was to "protect small and medium-sized South American republics from their large neighbours" and for this particular reason it stressed on building a strong economic union. There were two ultimate goals for the Pact: to promote rapid industrial and economic development among its members and to encourage equal growth among member countries. As the Andean countries worked together to attain these goals that were so essential to their effectiveness and sustainability as a group, individual countries continue to broaden the markets for their products by concluding bilateral free trade agreements with other Latin American and Caribbean nations. This combination of formal commitment to the Andean Community and simultaneous outreach to the other Latin American and Caribbean countries illustrated the development of a new integration movement in the Americas, which has come to be termed as "open regionalism."<sup>12</sup>

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<sup>12</sup> César Gaviria, Former President of Colombia, “Trade And Economic Integration In The Andean Region”, <http://www.oas.org/en/sedi/desd/trade/pubs/Books/CAF/P1C1.pdf>, (Accessed on 17 March 2016).

In 1991 Mercosur was formed as a regional trading block. The Market of the South or Mercosur is an economic arrangement between Brazil, Argentina, Uruguay and Paraguay to promote free movement of goods , services and people of the member states. Some political experts suggest that Mercosur also has political aspirations however the block has not displayed any credible actions that manifest political aspirations. In 2012 Venezuela was also added to the block.

The primary goal of Mercosur is to limit the trade barriers between member states. High tariffs and income inequalities have been a challenge for the intra- regional trade. Mercosur aims at combining the southern cone of Latin America into a single economic zone. Mercosur is the fourth largest trading bloc in the world \$ 2.9 trillion USD after EU, North American Free Trade Agreement (NAFTA) and Association of South East Asian Nations (ASEAN). The population that Mercosur caters to is 260 million. Mercosur also has five associate members – Bolivia, Chile, Colombia, Ecuador and Peru who do not enjoy complete access to the market and have limited voting rights.

The Mercosur charter does not allow its members to have FTAs with other nations, therefore the Mercosur members cannot be part of smaller regional trading groups like the Andean Community. Mercosur also played a fundamental role in the breakdown of the negotiations for the Free Trade Agreement of the Americas (FTAA), which came to an end in 2005. The countries part of Mercosur argued that FTAA would lead to greater interference of the United States the region and that the FTAA would be an unequal organisation due to the economic disparities among the member states.

Mercosur has functioned as a largely successful organisation and has promoted trade within the region as well as accentuated the region's economic interaction with the rest of the world.

In 1994, NAFTA came into effect, creating one of the world's largest free trade zones and laying the foundations for strong economic growth and rising prosperity for Canada, the United States, and Mexico. The central thrust of the agreement is to eliminate most tariffs on products traded among the United States, Mexico, and Canada.

The deal swept away import tariffs in several industries: agriculture was a major focus, but tariffs were also reduced on items like textiles and automobiles. NAFTA also implemented intellectual-property protections, established dispute-resolution mechanisms, and set up regional labour and environmental safeguards, though some critics now lobby for stronger measures on this front.

The Bolivarian Alliance for the Peoples of Our America (ALBA) was founded by Venezuela's late President Hugo Chavez and the then Cuban President Fidel Castro in 2004 amid anti-FTAA sentiments (FTAA was promoted by the United States, Mexico, Colombia and Peru). It comprises eleven governments from Latin America and the Caribbean and seeks economic and political integration based on leftist ideals. It has adopted a state-centric model to exploit, inter alia, the loans and investments from other States.

On the western side of the continent is the Pacific Alliance, an economic bloc whose member states are Chile, Colombia, Mexico, and Peru, which was created in 2011. Twelve other countries in the Western Hemisphere, including the United States, have observer status, and Costa Rica and Panama are candidates for full membership. It primarily serves to integrate its members' economies and expand their trade with the Asia-Pacific region. Its charter requires that its members be democracies that respect human rights.

A common thread in all of these organisations was that they focused on a smaller sub-region on the entire continent and had relatively narrower goals that were based on either economic or social cooperation or, on rare occasions, an organisation tried to marry the two factors.

The birth of UNASUR has been seen as a collective move by the countries to reduce the influence of the United States with stress on an approach that places the countries as equals to the United States. UNASUR excluded not only the United States, but also Canada, Mexico, and Central American nations, which were seen as too close to the United States. It did benefit from the rise of the 'left of the centre' movement in the

region, which highlighted the need for the region and the countries to emerge from the shadow of the United States.

### **Union of South American Nations (UNASUR)**

The debt crisis of the 1980s and thereafter in the late 1990s led to income imbalances, rising poverty and unemployment. Social movements emerged to articulate the popular demands of the people. Many scholars identify the election of Hugo Chavez as the President of Venezuela in 1998 as the beginning of this new political disposition of the people in Latin America. This was followed by the launch of the World Social Forum in Porto Alegre in 2001 and the election of left or left-of-centre governments in Brazil, Venezuela, Argentina, Uruguay, Bolivia, Ecuador, Chile and Paraguay. The governments that came to power largely had a common focus and were elected to bring about changes in economic policies that had been followed over the past few decades.

The United States as an economically, politically and militarily powerful neighbour found itself being blamed for dominating the political and economic policies of the countries. The left of the centre approach that came to dominate the governments of the Latin America was not just limited to economics, but found expression in politics as well, with the Presidents of Brazil, Argentina and Venezuela leading the voice to move away from the influence of the United States.

Regionally, Argentina's decline and Mexico's focus on North America and NAFTA allowed Brazil to take the leadership role in South America through a new regional institution – the Union of South American Nations or UNASUR. The signing of the *Buenos Aires Consensus* by Presidents Lula da Silva and Nestor Kirchner on the 16th of October 2003 was the start of a new era of regional dynamics in South America. The document was meant to be a challenge to free market policy followed by the Washington Consensus, which had largely been adopted by the countries of the region. The document expressed the commitment of both Presidents to bolster economic development and to work for a more equitable distribution of wealth. The document was criticised for not putting forward any points for reform of the International Monetary Fund (IMF), which regulates the terms of foreign loans and repayments. The

consensus was seen as an alliance to counter the United States Free Trade Agreement of the Americas.

The consensus document laid the foundation for the South American Community of Nations (CSN, Spanish Acronym), which was created at the Meeting of Presidents of South America held on December 08, 2004 in Cuzco, Peru. The CSN was created with the aim of integrating regional processes developed by the Mercosur and the Andean Community and overcome the problems of overlapping memberships and agendas. On September 30, 2005, in Brasilia, Brazil, and on December 09, 2006 in Cochabamba, Bolivia, the Heads of State of the member countries established a strategic plan to agree on a common agenda in the region. This later gave way to the formation of Union of South American Nations (UNASUR). It was envisioned as an overarching entity to remove duplication of purposes, conflicting interests, overlapping memberships and to achieve coordination at various levels so that integration is taken to its highest manifestation. On May 23, 2008, the Treaty of the UNASUR was approved in which it designated the permanent Headquarters of the General Secretariat to be in Quito, capital of Ecuador, and its Parliament to be in Cochabamba, Bolivia.

It was beneficial for the grouping that its rise to prominence coincided with a relative decline of United States' influence in the region and with the country facing economic recession domestically. With the United States facing an economic slowdown and crashing stock markets, it redirected its focus on domestic matters and away from involvement in the matters of the region.

The global recession had contributed to a deterioration of relations between the nations of the region and their powerful northern neighbour. The Latin American leaders blamed the United States and European policies for plunging the world into the worst economic crisis since the Great Depression. At the same time, they emphasised Latin American ability to fight through it. All of this coincided with the rise of China as an economic giant. The alternative to United States and Europe that came in the form of China and the Latin American belief that the stability in their economies would increase

with a diminished dependence on the United States also aided in the strengthening of the UNASUR.<sup>13</sup>

UNASUR differs from its earlier regional counterparts in the scope of its goals and the broadness of its membership. The current UNASUR members are: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Suriname, Peru, Uruguay and Venezuela. UNASUR countries suspended Paraguay in June 2012 after the country's democratically elected President was impeached in what some considered a "constitutional coup" (The Paraguayan President Fernando Lugo has been democratically elected by the people as an alternative to the six-decade long rule by single political party – the Colorado Party. However, the party still controlled the congress and made it difficult for President Lugo to bring in any substantial change. Four years into his term, President Lugo was accused of inefficiency and the legislative of the country brought in a no-confidence motion against him. It is widely accepted that President Lugo was not provided a free platform to provide his defence. He was impeached within a span of twenty-four hours. This became the first instance of what was termed as a 'constitutional coup' in Latin America. Paraguay was immediately suspended from UNASUR and Mercosur<sup>14</sup>).

It has also emerged as the only regional organisation of Latin America of this scale that has successfully been able to keep itself aloof from the influence of the United States. UNASUR relies exclusively upon resources and diplomatic initiatives of the involved South American nations. UNASUR's goals include the creation of a single South American market by eliminating tariffs and promoting increased development of the region's international infrastructure, such as the Inter-oceanic Highway now under construction between Brazil and Peru. Also, on UNASUR's agenda is a common defence policy for "enhancing multilateral military cooperation, promoting confidence and security building measures and fostering defence industry exchange," as well as the free movement of visitors and migrant workers among member nations. To achieve these

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<sup>13</sup> Ibid.

<sup>14</sup> "Paraguay's 'Legal' Coup," *LA Times*, 08 July 2012, <http://articles.latimes.com/2012/jul/08/opinion/la-ed-paraguay-20120708> (Accessed 15 February 2016).

goals, UNASUR must be capable of coherently bridging wide political and ideological gulfs as the organization confronts diverse problems facing it and the region.<sup>15</sup>

***Specific Goals of the Grouping:***

- 1) Strengthen political dialogue among Member States in order to reinforce South American integration and the participation of UNASUR in the international arena.
- 2) Social and human development with equity and inclusion in order to eradicate poverty and overcome inequalities in the region.
- 3) Illiteracy eradication, equal access to quality education and regional recognition of courses and degrees.
- 4) Energy integration for sustainable and fair use of the resources of the region.
- 5) Infrastructure development to guarantee the interconnection of the region and its peoples according to the criteria of sustainable social and economic development.
- 6) Adopt mechanisms compatible with the economic and fiscal policies of Member States, which will promote financial integration among them.
- 7) Protection of biodiversity, water resources and ecosystems as well as cooperation among Member States in matters of disaster prevention and the fight against the causes and effects of climate change.
- 8) Achieving equitable integration in order to overcome asymmetries through the development of concrete and effective mechanisms.
- 9) Progressive recognition of the rights of Member State citizens residing in any of the other Member States with the aim of attaining the citizenship of other Member States.
- 10) Equal access to social security and health services.
- 11) Unrestricted respect for human and labour rights through migratory regularization and harmonization of policies.
- 12) Economic and trade cooperation to achieve progress and consolidation of an innovative, dynamic, transparent, equitable and balanced process. Promote

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<sup>15</sup> McCall Breuer, "Brazil and UNASUR: Regional Security, and the Nation's World Sanding in the Era of Rousseff's Rule," Council of Hemispheric Affairs, <http://www.coha.org/brazil-and-unasur-regional-security-and-the-nation%E2%80%99s-world-sanding-in-the-era-of-rousseff%E2%80%99s-rule/> (Accessed on 14 January 2016).

growth and economic development in order to overcome asymmetries through the complementation of the economies of all the Member Countries as well as promoting the welfare of all sections of the population and the reduction of poverty.

- 13) Giving attention to small and medium enterprises, cooperative companies, networks and other forms of production organizations with the aim of creating unity in the industrial and productive areas.
- 14) Creation and implementation of complementary policies and projects of research, innovation, technology transfer and production in order to increase capacity, sustainability and proper scientific and technological development.
- 15) Strengthening of the identities of the peoples of the Member States through encouragement of expression of knowledge and memory with the aim of promoting cultural diversity.
- 16) Citizen participation through mechanisms for interaction and dialogue between UNASUR and the various social organizations for the creation of South American integration policies.
- 17) While taking into account international standards and laws, and through coordination between the specialized agencies of the Member States, strengthen the fight against terrorism, corruption, global drug problem, trafficking of people, trafficking of small guns and light weapons, transnational organized crime and other threats as well as disarmament, non-proliferation of nuclear weapons of mass destruction and demining.
- 18) Promote cooperation between the judicial authorities of the Member States of UNASUR.
- 19) The exchange of information and experience on defence.
- 20) Cooperation to strengthen public safety.
- 21) Sectoral cooperation in order to deepen South American integration through the exchange of information, experience and training.<sup>16</sup>

### ***Organizational Leadership and Institutions***

The heads of Member States elect a Secretary General, who serves a two-year term as the body's leader. Argentina's former President, Nestor Kirchner, entered office as

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<sup>16</sup> "Specific Goals," UNASUR, <http://www.unasursg.org/en/node/180>, (Accessed on 14 January 2016).

UNASUR's first Secretary General in May 2010 and served until his death in October 2010. At present, the Secretariat is headed by the former President of Colombia, Ernesto Samper Pizano. UNASUR's Secretary General helps the group's sections carry out their duties, acts as the Secretary at UNASUR meetings, prepares and presents an annual report, and coordinates with other regional multinational groups in order to carry out UNASUR's objectives.

UNASUR also has a President Pro-Tempore, who serves a one-year term, presides over UNASUR meetings and represents the organization at international events. The right to designate the President pro-tempore passes from one member country to the next on a rotation basis that relies on alphabetical order of country names. Tabare Vazquez from Uruguay is the current office holder.

UNASUR has four councils that, along with the Secretary-General, form the main organs of the group:

- 1) The Council of Heads of State, the most senior committee in UNASUR's structure, is designed to establish political links, action plans and programs needed for South American integration. The executives of each member country in UNASUR serve together on the Council. Collectively, they make decisions about the proposals submitted by UNASUR's Minister-level Councils.
- 2) The Council of Foreign Affairs Ministers, a group composed of Foreign Ministers from UNASUR member countries, is responsible for implementing the decisions made by the Council of Heads of State. The Ministers, who serve on the Council, work together to coordinate policies on the key areas of South American integration. They also create task groups to focus on specific policy areas.
- 3) The Council of Delegates implements and adopts the resolutions reached by the other two Councils. The Council of Delegates is responsible for promoting public dialogue to help maximize citizen participation in the process of South American integration.
- 4) Ministerial and Sectorial Councils are the main Councils of UNASUR, which are responsible for meeting the objectives and guidelines established by the political bodies of the organization. It is under this Council that other Councils, such as on

health, energy, science and technology, finance, etc. work. The South American Defence Council is also part of this large group. It includes the Defence Ministers from the bloc's member countries and holds meetings on an annual basis, discussing regional defence policies and coordinating strategies. The country holding UNASUR's pro-tempore presidency appoints the President of the Defence Council.<sup>17</sup>

### ***Accomplishments and Challenges***

UNASUR has served mainly as a public forum for leaders from member states. Although UNASUR countries have made a number of ambitious proposals for regional integration, some observers say that the group has not yet successfully converted projections into projects. João Augusto de Castro Neves, a Brazilian analyst at the Eurasia Group, said that in the short term, UNASUR's institutionalization "will be very slow and incremental," but the group will "remain a forum for dialogue in the foreseeable future."<sup>18</sup>

In 2008, UNASUR members proposed the creation of a South American Parliament with headquarters in Bolivia. UNASUR's member states have not yet acted to institutionalize the Parliament as a formal organ in the group's structure. Nor have the headquarters for the proposed Parliament been built.

UNASUR has evolved as an organisation and, over the years, it has proceeded to form a number of Councils as and when the need to have a designated Council for a specific issue arose. These Councils are clubbed under the Sectoral and Ministerial Councils:

1. South American Defence Council (CDS) – The council was formed by the members "as an organization responsible for consultation, cooperation and coordination of South American countries on defence policies, whose objectives are to consolidate South America as a zone of peace; shape a South American identity on defence matters that takes into account the sub-regional

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<sup>17</sup> UNASUR, "Ministerial and State Council," <http://www.unasursg.org/en/node/338>, (Accessed on 14 January 2016).

<sup>18</sup> Natahniel Parish Flannery, 2012, "What is UNASUR?" Americas Society and Council of the Americas, [www.as-coa.org/articles/explainer-what-unasur](http://www.as-coa.org/articles/explainer-what-unasur), (Accessed 11 January 2016).

and national characteristics and contributes to the strengthening of Latin American and Caribbean unity; and, generate consensus to strengthen regional cooperation in defence-related matters. It was constituted by the Defence Ministers of the member countries. It was formed on the principles of “non-intervention, sovereignty and territoriality”. It was stated in one of the annual meetings of CDS that the CDS is “neither a military alliance nor a defence organisation” and is only a method of promoting dialogue and cooperation amongst the members.

2. South American Council of Health (CSS) – The South American Council of Health, made up by the Ministers of Health from UNASUR, is the consultation and consensus body on this subject by the member countries of the Union, aimed at consolidating South America as a space of health integration that contributes to Health for All and development, incorporating and integrating the efforts and improvements from other existing mechanisms of regional integration, and promoting common policies and coordinated activities among countries in health issues.
  
3. Electoral Council of UNASUR (CEU) – The Electoral Council of UNASUR is an instance for consultation, cooperation, coordination, exchange of experiences, observation and accompaniment in electoral matters, promotion of citizen participation and democracy in the framework of the Constitutive Treaty of UNASUR. The principle of this Council is full respect for the sovereignty and self-determination of peoples, as well as solidarity, cooperation, democracy, citizen participation, peace, transparency, pluralism and respect for universal human rights. The Electoral Council's general objective is to build a space for integration, exchange of experiences, cooperation, research and promotion of citizen participation, civic education and democracy. Furthermore, the Statute establishes the following specific objectives.
  - Build a space for integration, cooperation, research, citizen participation, civic education, democracy and exchange of experiences.

- Encourage the exchange of knowledge and experience to the different bodies and authorities. In addition, provide technical assistance to electoral technicians.
- Promote the creation, use and application of non -dependent technology for the development of electoral systems by adopting new, upgraded and innovated technology. In addition to using proper systems in electoral processes.
- After request by a Member State, organize an observation team to provide support during the electoral processes, while respecting the sovereignty and domestic laws of that country and its government.<sup>19</sup>

4. South American Energy Council (CES) – The South American Energy Council's main objective is to promote the development of energy infrastructure for countries in the region to support the sustainability of South American integration.

5. South American Council of Science, Technology and Innovation (COSUCTI) – It requires, among its principles, that the goal of policies in matters of science, technology and innovation should be sustainable economic and social development; that scientific and technological progress should contribute to strengthening social inclusion, promotion of equality and respect for plurality; that the scientific and technological knowledge should have free access; and that policies in this area should be based on dialogue and respect for incorporating the knowledge and wisdom of indigenous and other people, COSUCTI finances its activities with resources assigned for that purpose by the Organizations of UNASUR in its regular budget, by the Common Initiative Fund and by voluntary contributions from Member States.

6. South American Council of Culture (CSC) – Its objectives are the strengthening of cultural cooperation in the South American region; the recognition and promotion of culture as a basis for development and overcoming poverty and

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<sup>19</sup> UNASUR, “Electoral Council of UNASUR”, <http://www.unasursg.org/en/node/341>, (Accessed on 15 March 2016).

inequality; the generation of actions to promote the reduction of regional and sub-regional asymmetries in matters on universal promotion and access to culture; as well as the development and promotion of cultural expressions in all its varied manifestations.

7. South American Council of Social Development (CSDS) – Aims of the CSDS are the development of regional social policies aimed at eradicating poverty and social vulnerability, to encourage equitable inclusion and sustainable development with respect to nature, to promote citizen participation within a framework of respect for universal human rights, as well as linguistic, cultural and ethnic diversity, promoting gender equality and solidarity between peoples, with respect for their sovereignty and contributing to building a South American identity and citizenship
  
8. South American Council of Economy and Finance (CSEF) – Its objectives are encouraging the use of local and regional currencies for intra-regional trade; periodically assessing the multilateral payment and credit systems; generate a regional mechanism for guarantees, that facilitate access to different forms of financing in the area; strengthen coordination measures of the Central Banks, with regard to the management of international reserves; coordination of available financial funds in order to meet the demands of development and integration projects; foster the development of a South American financial and capital market; explore the development of policies and joint monitoring mechanisms to capital flows, and of cooperation and mutual assistance in case of balance of payments crisis; evaluate schemes that preserve the region from the effects of volatility of international markets; strengthen financial integration of UNASUR; promote mechanisms for coordination of macro-economic policies; develop proposals aimed towards small and medium-sized production units and initiatives for local development; explore and promote new forms of cooperation with other regional blocs; and, explore appropriate mechanisms of supervision, regulation and transparency.

9. South American Council for Education (CSE) – The objectives of the Council for Education are to strengthen integration in the regional educational context, in order to guarantee everyone’s right to education; arrange the implementation of policies to improve equality, quality, appropriateness, and access to all levels and modalities of education; promote the reduction of regional and sub-regional asymmetries in the context of education.
  
10. South American Council for Infrastructure and Planning (COSIPLAN) – The Council is supposed to function as a stage for political and strategic discussion through consultation, evaluation, cooperation, planning, and coordination of efforts and articulation of programmes and projects, so as to implement the integration of the regional infrastructure of UNASUR Member countries.
  
11. South American World Drug Problem Council (CSPMD) – The Council is defined as a permanent body of UNASUR, for consultation, cooperation and coordination to face the global drug problem. Its objectives are to propose strategies, plans and coordination and cooperation mechanisms between Member States to influence in a comprehensive fashion all the areas of the problem; build a South American identity to face the global drug problem; promote the articulation of consensus stances in multilateral forums in the matter of drugs.
  
12. South American Council for Citizen Safety, Justice and Coordination of Actions against Transnational Organized Crime (DOT) – The purpose of the creation of the council is strengthening cooperation in the matter of Citizen Safety, Justice and coordination of actions against Transnational Organized Crime, trying to avoid the duplication of functions with other already existing instances in UNASUR, as well as “the creation of a Work Group that prepares, with the support of the General Secretariat of UNASUR, the Statute and the Action Plan of said Council.”<sup>20</sup>

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<sup>20</sup> Union of South American Nations – Intra Regional Relations, 2015, SELA, <http://www.sela.org/media/2087751/di-10-unasur-ing.pdf>, (Accessed on 12 January 2016).

South American leaders signed an agreement in 2009 to create the Bank of the South, a development bank advocated by Venezuelan President Hugo Chávez. The bank, which would be based in Caracas, Venezuela, could eventually finance economic development projects in UNASUR member states. A 2010 *Americas Quarterly* article reported that Argentina, Brazil and Venezuela pledged to donate \$6 billion dollars, making up the bulk of the bank's total initial proposed budget of \$7 billion. In April 2012, Argentina, Bolivia, Ecuador, Uruguay and Venezuela ratified the bank's creation. In June 2012, UNASUR's Secretary General said that the institution would move forward with a regional program of industrialization and infrastructure construction projects. Some observers have expressed doubts about the bank's long-term prospects. The most recent meeting between the CEO of the bank and the Secretary General of UNASUR, Ernest Samper Pizzano, former President of Colombia, was on 28<sup>th</sup> July 2015. The meeting was held to evaluate the program of activities in order to formulate the process of finalizing the opening of the bank. Caracas, Venezuela, has been selected as the headquarters for the Bank.<sup>21</sup>

In 2010, UNASUR member countries signed an addendum to their original by-laws to strengthen the emphasis the group places on preserving and protecting democratic institutions within member countries. The protocol states that "in the case of a rupture or threat of a rupture in the democratic order" within any UNASUR member country, UNASUR's senior committees have the right to "suspend the right of participating in the ... organs of UNASUR." On a number of occasions, UNASUR has acted to condemn what its members view as undemocratic moves in Latin American countries, such as the 2009 coup in Honduras and the controversial impeachment of Paraguayan President Fernando Lugo in 2012.

In June 2012, UNASUR created an Electoral Council that is composed of four representatives from each member country. The Council is tasked with visiting countries before elections, communicating with candidates, parties and monitoring the election process. In October 2015, UNASUR sent the Electoral Council to monitor the election in Suriname and Venezuela. In presenting its reports on the Suriname elections,

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<sup>21</sup> UNASUR, "Creation of the Bank of the South Progresses," <http://www.unasur.org/en/node/400>, (Accessed on 14 January 2016).

the Council had visited nearly 80 per cent of the territory and noted the high levels of participation of women. In presenting its preliminary report on the elections in Venezuela, it stated that the elections were held in a “...peaceful, orderly and participative” manner.<sup>22</sup>

UNASUR facilitated the restoration of dialogue between Colombia and Venezuela when Colombia accused Venezuela of harbouring rebels, who were supposedly working against Colombia. UNASUR then organised a meeting between its members in Quito, Ecuador, to reach a peaceful solution and once Colombia was assured of regional support against rebels, the dialogue between the two countries was restored.<sup>23</sup>

Thus far, UNASUR has supported diplomatic resolution. The group mediated the Andean border crisis, a tense diplomatic dispute between Colombia and its neighbours, Ecuador and Venezuela, in 2008 that came after the Colombian forces launched an attack on a FARC camp in the Ecuadoran territory. Following the resolution of the crisis, *The New York Times* reported that “the biggest winner appears to have been the region itself, which resolved its own dispute without outside help and without violence.” The group played a role in resolving an ongoing diplomatic rift between Colombia and Venezuela in 2010. In 2015, the Presidents of Venezuela, Nicolás Maduro and Colombia, Juan Manuel Santos, established a seven-point accord and agreed to continue talks to normalize border relations. The two leaders authorised the immediate return of their respective ambassadors; agreed to an investigation of the situation on the border; discuss border issues and the progressive normalisation of the zone; as well as continue to hold talks facilitated by Ecuador and Uruguay, among other points. Likewise, they will establish an agreement to resolve border problems for the benefit of peaceful coexistence and socio-economic development, all within the framework of

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<sup>22</sup> UNASUR, “Electoral Mission Delivered Preliminary Report to the CNE,” <http://www.unasursg.org/en/node/541>, (Accessed on 01 March 2016).

<sup>23</sup> “Timeline: On a Border of Peace between Venezuela and Colombia,” Información desde América Latina, <http://lainfo.es/en/2015/09/08/timeline-on-a-border-of-peace-between-venezuela-and-colombia/>, (Accessed on 11 January 2016).

strengthening dialogue and respect in accordance with international law.<sup>24</sup> The role of UNASUR members in calling on the two nations to mediate cannot be undermined.

UNASUR has also welcomed the thawing of relations between Cuba and the United States. The recent visit by UNASUR General Secretary and former Colombian President Ernesto Samper is indicative of the importance that UNASUR has placed on regional integration. UNASUR members had demanded that Cuba be readmitted to the OAS and has called on the United States to not only remove its economic blockade of the island nation, but also remove all military bases from Latin America. The Secretary General stated that the defence of the Caribbean nation was not only a matter of interest for Cubans, but for all South America, and it is a solidarity that has strengthened in recent decades.

The statement is consistent with the goal of UNASUR, which has contributed to regional stability and peace, and lessons learned from various forms of cooperation, which had facilitated technology transfer and capacity-building. In 2011, a register of South American military spending had been created, a South American military inventory is in the experimental stage, and a manual for confidence-building and security measures was being developed. UNASUR countries participated in the United Nations Stabilization Mission in Haiti (MINUSTAH) and the International “Simon Bolivar” Civic Military Rescue and Assistance Brigade.<sup>25</sup>

UNASUR members had demonstrated their respect for international law, global treaties and the Charter, when they approved the Declaration of South America as a Zone of Peace in 2013. They are committed to using peaceful means to settle disputes and abstain from the use of force and interference in State sovereignty. The Declaration also envisioned making South America a zone free of anti-personnel mines and it supported bilateral efforts towards that end. Further, it issued a call, within the framework of the South American Defence Council, for negotiations on a peace, security and cooperation protocol. During its tenure, the group has helped mediate conflicts between member

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<sup>24</sup> Cuba Debate, “Venezuela and Colombia to Normalize Border Relations,” <http://en.cubadebate.cu/news/2015/09/22/venezuela-and-colombia-normalize-border-relations/>, (Accessed on 02 March 2016).

<sup>25</sup> UN Security Council, “Cooperation between United Nations, Regional, Sub-regional Organizations ‘Mainstay’ of International Relations, Security Council Hears throughout Day-long Debate (2013),” <http://www.un.org/press/en/2013/sc11087.doc.htm>, (Accessed on 02 March 2016).

countries, aided in disaster response, and fostered collaboration on collective defence and development projects.<sup>26</sup>

The potential role of UNASUR as a regional organization has been more effective than the OAS for two main reasons. First, UNASUR was created by and represents South American nations in a spirit of mutual respect. The goal of UNASUR is to create a regional block of nations integrated in ways that reduce tensions within South America and strengthen the region with regard to the United States and other powerful nations. The structure of UNASUR promotes dialogue and provides expanded opportunities for cooperation. The leadership of the meeting of Heads of State rotates yearly based on alphabetical order, so that no one nation or person has greater influence than the other. In addition, Foreign Ministers from all member countries meet twice each year to formulate concrete proposals for action. Some of the issues addressed by UNASUR include regional defence, social development, science and technology, finances, education and fighting drug trafficking. The second reason why UNASUR has proven more effective than the OAS in recent conflicts is the presence of the United States as the greatest power within the latter organization. Policies and programs that often reflect goals of the United States, rather than those of Latin American states, make it more difficult for the OAS to be accepted by ideologically divergent regimes within Latin America and between Latin American states and the United States regionalism, in this case a union of South American nations encompassing such disparate regimes as those in Guyana, Colombia, Bolivia and Chile, has produced an institution that promotes equality and cooperation among its members, even in the face of conflict.<sup>27</sup>

Although UNASUR has served as an effective forum for dialogue and has helped member countries peacefully resolve a number of diplomatic disputes, the group has had less success in building European-style supranational institutions.<sup>28</sup> “For as much as UNASUR aspires to be a multilateral institution ... it has failed to produce any legal, normative basis or institutional structure,” says Senior Director of Policy, Christopher

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<sup>26</sup> Ibid.

<sup>27</sup> James A. Baer, Council of Hemispheric Affairs, “UNASUR and Latin American Regionalism,” <http://www.coha.org/unasur-and-latin-american-regionalism/>, (Accessed on 02 March 2016).

<sup>28</sup> Nathaniel Parish Flannery, “Can South America Become the Next European Union,” <http://www.forbes.com/sites/nathanielparishflannery/2012/11/30/can-south-america-become-the-new-european-union/>, (Accessed on 15 January 2016).

Sabatini at the Americas Society and Council of the Americas (AS/COA). “Without those diplomatic necessities, UNASUR risks becoming just a roving series of summits and high-minded declarations, with little capacity to follow through on them on the ground.” Internal ideological differences may serve as an obstacle to moving forward; Eurasia Group’s Castro Neves points to growing divisions between the open economies of the region and the more protectionist ones.

Additionally, the group’s ability to cooperate is affected by the disproportionate size of Brazil’s economy, which accounts for about 60 per cent of UNASUR’s total economic output. World Bank data shows that Brazil, the country with the strongest internal market in Latin America, is also the least trade-dependent economy in UNASUR. In 2011, Brazil’s exports accounted for less than 12 per cent of GDP, less than half of the average rate of the Spanish-speaking countries in South America.<sup>29</sup>

It is too soon to take conclusions on the capacity of UNASUR to achieve the objectives defined in its Constitutive Treaty.<sup>30</sup> UNASUR is modelled after the EU. Like the EU, the idea behind UNASUR is to have a supranational body superseding other regional groupings, and it is in the initial consensus-building process of moving toward institutionalisation. The organization has replaced the OAS as a regional political forum. The South American Economic Council, as part of the Councils of UNASUR, created to foster economic integration and counter the effects of the global economic crisis, is also gaining strength.

It needs to be pointed out that while UNASUR has been successful in not including the United States, it has not been able to slow the progress of individual States concluding their own agreements with the United States. After failing to persuade South American states to form the continent-wide FTAA (Free Trade Agreement of the Americas), the United States decided to resort to a selective bilateral strategy to engage the region by negotiating and signing an FTA. The United States signed a FTA with Chile (2004) and

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<sup>29</sup> Nathaniel Parish Flannery, “What is UNASUR,” <http://www.as-coa.org/articles/explainer-what-unasur#accomplishments-and-challenges>, (Accessed on 13 January 2016).

<sup>30</sup> Nahuel Arenas-García, “21st Century Regionalism in South America: UNASUR and the Search for Development Alternatives,” *eSharp*, Issue 18: Challenges of Development (2012), [http://www.gla.ac.uk/media/media\\_228378\\_en.pdf](http://www.gla.ac.uk/media/media_228378_en.pdf), pp. 81, (Accessed on 10 January 2015).

entered into FTAs with Peru and Colombia in 2009 and 2012, respectively and the multi-lateral trade agreement – The Trans-Pacific Partnership – includes Peru and Chile. The United State’s close relations with Colombia, especially over border security for anti-narcotics trafficking cooperation, is well known. At almost the same time, a pulling force emerged from the east, as China attempted to brace its rapidly growing volume of trade with Latin America by seeking to establish bilateral FTAs. The first of them, signed with Chile, entered into force in 2006. A second FTA came into force in 2010, with Peru and one with Colombia, is said to be currently under discussion. The EU has also signed two bilateral FTAs with Colombia and Peru in 2011, both of which entered into force in 2013.<sup>31</sup>

### **Current Political Changes in South America Affecting UNASUR**

The prospects for cooperation at the regional level are important but it is also relevant to study the domestic political factors shaping regional dynamics to understand the power asymmetries of the region.

When President Dilma Rousseff first took office in 2010, Brazil was acknowledged as a rising global power. The country had benefited from Asia’s enormous appetite for its commodities for nearly a decade. With this economic growth, Brazil quickly recovered from the global financial crisis in 2008, and it became an attractive destination for foreign capital. As Brazil nears the end of a decade of economic and political exuberance in Latin America, questions about its trajectory are being asked. The ability of Brazilian commodity exporters to meet the demands for their products is constrained by poor export infrastructure. Its currency is also significantly overvalued, undercutting the competitiveness of its non-commodity-based export sectors. Globally, the two most significant global trade negotiations in a decade, the Trans-Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (TTIP), are developing without its participation.

The TPP is a trade partnership between 12 countries including the United States, Mexico, Chile and Peru. It aims at creating a trading block and intensifying the economic

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<sup>31</sup> Jorge F. Garzón, “Multipolarity and the Future of Regionalism: Latin America and Beyond,” GIGA Working Paper No. 264 (German Institute of Global and Area Studies, Hamburg, 2015), p. 26, [https://giga.hamburg/en/system/files/publications/wp264\\_garzon.pdf](https://giga.hamburg/en/system/files/publications/wp264_garzon.pdf), (Accessed on 01 March 2016).

relations between the countries by reducing tariffs and boosting foreign trade among the members. It is a grouping that represents a combined population of approximately 800 million, which is about double that of the European Union (EU) and it could grow to represent roughly 40 percent of the World Trade. The critics of the Agreement however say that it would intensify the competition between the member countries' labour forces. They also say that this agreement would be used by companies to compel the governments of the member states to bring in sweeping changes without the knowledge of the voters. The agreement can be seen as a gambit to limit the sphere of Chinese influence.<sup>32</sup> The TTIP is a trade agreement between the United States and the EU that aims at greater cooperation between the partners through slashing of trade barriers.<sup>33</sup>

Mercosur once showcased Brazil's leadership in robust regional integration initiatives, but now ties it to two of the most troubled economies in South America—Argentina and Venezuela. UNASUR, due to its diversity allows Brazil to play a more prominent role within the grouping and the region as well. It helps maintain Brazil's regional reach especially at a time when domestically, political support for President Rousseff has reduced considerably over corruption scandals within her government.<sup>34</sup>

The Presidential elections in Argentina in 2015 elected Mauricio Macri, a non-peronista and brought an official end to 12 years of "Kirchnerismo," the political movement popularly named after President Cristina Kirchner and her late husband, Mr. Néstor Kirchner. The campaign was dominated by a number of key issues, such as the country's worsening economic situation; social and agricultural policy; and, of particular concern among Argentines, security and crime. Argentina has defaulted on debts and inflation has remained high at about 25 percent. As per the International Monetary Fund's (IMF) World Economic Outlook Report (2015),<sup>35</sup> Argentina's GDP would remain stagnant until 2017, seeing a growth of 0.1 percent for 2015 and

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<sup>32</sup> "TPP: What is It and Why does It Matter?" *BBC News*, 03 February, 2016, <http://www.bbc.co.uk/news/business-32498715> (Accessed 12 February 2016).

<sup>33</sup> Transatlantic Trade and Investment Partnership, the Office of the US Trade Representative, <https://ustr.gov/ttip> (Accessed 12 February 2016).

<sup>34</sup> Harold Trinkunas, "Brazil's Rise Seeking Influence on Global Governance," The Latin America Initiative, The Brookings Institution, <http://www.brookings.edu/~media/research/files/reports/2014/04/24-brazils-rise-trinkunas/trinkunas-brazils-rise.pdf>, (Accessed on 14 January 2016).

<sup>35</sup> IMF Report can be downloaded from <http://www.imf.org/external/pubs/ft/weo/2015/02/>.

throughout 2016. The imposition of currency controls, the inability of Argentina to generate funds from the international market, the seizure of private assets, nationalisation of its pension schemes, national airline, the main oil company YPF, and a second default on debt owed to the funders, have left the country more isolated than ever. Companies are sceptical of the market as they are unable to transfer their profits outside the country.<sup>36</sup>

The election results from Venezuela have added to the view that the left movement in the region is losing its dominant position of more than a decade in the face of scandals, and changing economic conditions and voter's possible disappointment. In its 20th elections in 17 years, the opposition coalition Mesa de la Unidad Democrática (MUD) won a sweeping majority. The MUD victory is the first time the opposition won majority in the National Assembly since 1999. The government of President Nicolas Maduro faced allegations of corruption and nepotism in the past. Venezuela has suffered an economic slowdown and the Maduro regime has proven itself incapable of effectively handling the situation. The rate of inflation in Venezuela in July 2015 was 64 percent, which was further aggravated by the decline in oil prices and was recorded to be 68 percent by the end of the year. The Venezuelan economy is suffering from a downward spiral and according to the IMF, the Venezuelan GDP deteriorated by 10 percent in 2015 and the IMF has estimated that this deterioration will continue to the tune of another six percent in 2016. This has been fuelled by the decline in oil prices. Venezuela now faces scarcity and rationing of staple food products and common consumer goods, which have led to rising dissatisfaction among the common people. The state has also seen a rise in social tensions and an increase in the rate of crime (with a total of 27,875 killings by the local mafia in 2015), which can also be attributed to the reasons for this political shift.<sup>37</sup>

The left is also in trouble in Peru, the world's top cocaine producer, where more than 115 of the winning candidates in 2015's mid-term elections were under investigation by the country's anti-narcotics police. Thus, the 'new left' wave that swept the political

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<sup>36</sup> Stuti Banerjee, "Elections in Argentina," ICWA Viewpoint, <http://www.icwa.in/pdfs/VP/2014/ElectionsinArgentina2015vp.pdf>, (Accessed on 15 January 2016).

<sup>37</sup> Aparajita Pandey, "Elections in Venezuela," ICWA Viewpoint, <http://www.icwa.in/pdfs/VP/2014/ElectionsinVenezuelavp13012015.pdf>, (Accessed on 15 January 2016).

sphere within Latin America is facing a crisis. The global economic recession, the falling energy prices, etc. have forced the governments to rethink their socialist policies that were announced at a time of economic prosperity and surplus.

It is not easy to accurately predict the trend of politics in the region. It is possible that in the next round of elections, the left parties may once again regain power. Nonetheless, there is no doubt that the left and the right along with the centralist parties have to work together to ensure that the region is able to overcome the economic roadblocks. The change in political disposition of important States of the region may have some effect on the working of the regional groupings. With new governments coming to power, which are more willing to work with the United States in particular and the international community, including the EU, Canada, Mexico, etc., there is a possibility that while UNASUR may still exclude the United States to ensure its rise as a prominent voice of the region, it may be able to work with the United States to achieve some of its goals in less controversial areas, such as health, education, etc.

### **Conclusion: India and UNASUR**

India has in the recent times displayed a tilt towards the Latin America and Caribbean region. The region has abundant natural resources and can be an enabler for food security and provider of energy security, both of which are needed in India.

The region has become host to numerous Indian companies like Tata, Bajaj, ONGC Videsh, ESSAR, Reliance, etc. have already become trading partners in the region.<sup>38</sup> The Latin American region is five times the land mass of India and is situated in a strategic location with the Atlantic and the Pacific on its either side and the Panama canal acting as a vital link between the two. It has a concentration of hydrocarbons and essential minerals like iron ore, copper, gold, nickel etc.<sup>39</sup>

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<sup>38</sup> Aparajita Pandey (2016), "Mexican Energy Reforms and Opportunities for India," Indian Council of World Affairs, <http://icwa.in/pdfs/IB/2014/MEXICANENERGYREFORMSANDOPPORTUNITIESFORINDIAib07012016.pdf>, (Accessed 15 February 2016).

<sup>39</sup> Deepak Bhojwani (2012), "India's Prospects in the Latin America and the Caribbean," *Indian Foreign Affairs Journal*, 7 (4): 433-445. <http://www.latindia.in/media/Indias-Prospects-in-LAC-IFAJ.pdf>, (Accessed 15 February 2016).

The region also has some of the largest freshwater reserves and the natural wealth of the Amazon is unparalleled in the World.

UNASUR represents a majority of this region. It is a political ambition to unify the continent to establish a South American identity away from the United States and North America. It constitutes most of the South American countries that are coincidentally in control of a majority of these natural resources. UNASUR members can be considered more stable politically and larger economically in comparison to the other countries in the Latin American region.

UNASUR represents a combined population of approximately 400 million people. It also translates to a combined economy worth \$4 trillion USD.<sup>40</sup> The opportunities that UNASUR provides in economic terms can be extremely beneficial to India.

India already has a *Focus LAC (Latin America and Caribbean) Programme* as part of its foreign policy initiative. In accordance with the policy to concentrate on the LAC region, India has worked towards enhancing socio-economic ties with the region. Under the Focus LAC Programme, India has already signed preferential trade agreements with the Mercosur and Chile. India has also attempted to increase socio-cultural interaction with countries by setting up joint trade commissions with Brazil, Argentina, Venezuela, Mexico, Trinidad and Guyana.<sup>41</sup>

One can see that most of the efforts that have been made by India are made on a bilateral basis. However, UNASUR is attempting to integrate the South American region and bring in measures like a common bank, VISA free travel within member countries and a common currency is also being discussed. In the light of these developments, UNASUR provides India with greater opportunities for economic and political cooperation.

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<sup>40</sup> "UNASUR: South American Alliance Confronts Economic Crisis," Venezuelanalysis.com, <http://venezuelanalysis.com/news/6448>, (accessed 16 February 2016).

<sup>41</sup> Focus LAC Programme, Dept. of Commerce, Government of India, [http://commerce.nic.in/trade/international\\_tpp\\_lac.pdf](http://commerce.nic.in/trade/international_tpp_lac.pdf), (Accessed 16 February 2016).

Brazil is the largest economy of UNASUR; thereby it also enjoys a position of dominance in UNASUR by virtue of being a part of BRICS and IBSA. Brazil and India already share a special relationship that can be carried forward into UNASUR. Venezuela has some of the largest oil resources in the world and is a part of UNASUR. Argentina with its regime change is looking to forge new relations with the world. It can also act as a prominent supplier of grains to India as it already plays the role of the biggest supplier of Soy Bean to China.

It is also important to note that UNASUR members are also willing to engage with India and feel that India would be a better trading partner than China that currently dominates the region. India does not have a history of Human Rights Violations and is a democracy. Both of these factors are ideologically important to UNASUR member states. It is also perceived as a welcome alternative to the aggressive trading policies of China and India is considered to be fair in its trading practices.<sup>42</sup>

Taking the above into consideration, India should take advantage of the conditions that favour it among UNASUR members and encourage interaction with UNASUR as a whole so as to receive a bigger canvas to implement its policies.

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<sup>42</sup> Views of Dr. Paola Baroni of Universidad Empreserial Siglo, Cordoba, Argentina, as expressed in a lecture given at Jawaharlal Nehru University on 4 February 2016.

**ANNEXURE ONE**

**Map Of South America**



*Source: www.freeworldmaps.net*

## **ANNEXTURE TWO**

### **SOUTH AMERICAN UNION OF NATIONS CONSTITUTIVE TREATY (2008)**

THE Republic of Argentina, the Republic of Bolivia, the Federative Republic of Brazil, the Republic of Chile, the Republic of Colombia, the Republic of Ecuador, the Cooperative Republic of Guyana, the Republic of Paraguay, the Republic of Peru, the Republic of Suriname, the Oriental Republic of Uruguay and the Bolivarian Republic of Venezuela.

#### **PREAMBLE**

BASED on the shared history and solidarity of our multiethnic, multilingual and multicultural nations, which have fought for the emancipation and unity of South America, honouring the vision of those who forged our independence and freedom in favour of that union and the building of a common future;

INSPIRED by the Cusco Declaration (December 8th, 2004), the Brasilia Declaration (September 30th, 2005) and the Cochabamba Declaration (December 9th, 2006);

AFFIRMING their determination to build a South American identity and citizenship and to develop an integrated regional space in the political, economic, social, cultural, environmental, energy and infrastructure dimensions, for the strengthening of Latin America and Caribbean unity;

CONVINCED that the South American integration and South American unity are necessary to promote the sustainable development and wellbeing of our peoples, and to contribute to the solution of the problems which still affect our region, such as persistent poverty, social exclusion and inequality;

CERTAIN that integration is a decisive step towards the strengthening of multilateralism and the rule of law in international relations in order to achieve a multipolar, balanced and just world, in which the sovereign equality of States and a culture of peace prevail and in a world free of nuclear weapons and of weapons of mass destruction;

CONFIRMING that both South American integration and the South American union are based on the guiding principles of: unlimited respect for sovereignty and territorial integrity and inviolability of States; self-determination of the peoples; solidarity; cooperation; peace; democracy, citizen participation and pluralism; universal, interdependent and indivisible human rights; reduction of asymmetries and harmony with nature for a sustainable development;

UNDERSTANDING that South American integration should be achieved through an innovative process, which would include the progress achieved so far by the MERCOSUR and CAN processes, as well as the experiences of Chile, Guyana and Suriname, and which goes beyond the convergence among them;

CONSCIOUS that the process of building a South American integration and union is ambitious in its strategic objectives and will be flexible and gradual in its implementation, ensuring that each State honour its commitments according to its own reality;

RATIFYING that fully functioning democratic institutions and the unrestricted respect for human rights are essential conditions for building a common future of peace, economic and social prosperity and for the development of integration processes among the Member States;

AGREE:

#### Article 1 Constitution of UNASUR

The States Party to this Treaty decide to constitute the Union of South American Nations (UNASUR) as an entity with international juridical character.

#### Article 2 Objective

The objective of the South American Union of Nations is to build, in a participatory and consensual manner, an integration and union among its peoples in the cultural, social, economic and political fields, prioritizing political dialogue, social policies, education, energy, infrastructure, financing and the environment, among others, with a view to eliminating socioeconomic inequality, in order to achieve social inclusion and participation of civil society, to strengthen democracy and reduce asymmetries within the framework of strengthening the sovereignty and independence of the States.

#### Article 3 Specific Objectives

The South American Union of Nations has the following objectives:

- bb) The strengthening of the political dialogue among Member States to guarantee a space for consultation in order to reinforce South American integration and the participation of UNASUR in the international arena;
- cc) The inclusive and equitable social and human development in order to eradicate poverty and overcome inequalities in the region;
- dd) The eradication of illiteracy, the universal access to quality education and the regional recognition of courses and titles;
- ee) Energy integration for the integral and sustainable use of the resources of the region, in a spirit of solidarity;
- ff) The development of an infrastructure for the interconnection of the region and among our peoples, based on sustainable social and economic development criteria;
- gg) Financial integration through the adoption of mechanisms compatible with the economic and fiscal policies of Member States;
- hh) The protection of biodiversity, water resources and ecosystems, as well as cooperation in the prevention of catastrophes and in combating the causes and effects of climate change;

- ii) The development of concrete and effective mechanisms to overcome asymmetries, thus achieving an equitable integration;
- jj) The consolidation of a South American identity through the progressive recognition of the rights of nationals of a Member State resident in any of the other Member States, with the aim of attaining a South American citizenship;
- kk) Universal access to social security and health services;
- ll) Cooperation on issues of migration with a holistic approach, based on an unrestricted respect for human and labour rights, for migratory regularisation and harmonisation of policies;
- mm) Economic and commercial cooperation to achieve progress and consolidation of an innovative, dynamic, transparent, equitable and balanced process focused on an effective access, promoting economic growth and development to overcome asymmetries by means of the complementarities of the economies of the countries of South America, as well as the promotion of the wellbeing of all sectors of the population and the reduction of poverty;
- nn) Industrial and productive integration, focusing especially on the important role that small and medium size enterprises, cooperatives, networks and other forms of productive organisation may play;
- oo) The definition and implementation of common or complementary policies and projects of research, innovation, technological transfer and technological production, aimed at enhancing the region's own capacity, sustainability and technological development;
- pp) The promotion of cultural diversity and the expression of the traditions and knowledge of the peoples of the region, in order to strengthen their sense of identity;
- qq) Citizen participation through mechanisms for interaction and dialogue between UNASUR and the various social actors in the formulation of South American integration policies;
- rr) Coordination among specialised bodies of the Member States, taking into account international norms, in order to strengthen the fight against corruption, the global drug problem, trafficking in persons, trafficking in small and light weapons, terrorism, transnational organised crime and other threats as well as for disarmament, the non-proliferation of nuclear weapons and weapons of mass destruction, and elimination of landmines;
- ss) The promotion of cooperation among the judicial authorities of the Member States of UNASUR.
- tt) The exchange of information and experiences in matters of defence;
- uu) Cooperation for the strengthening of citizen security;
- vv) Sectoral cooperation as a mechanism to deepen South American integration, through the exchange of information, experiences and capacity building.

#### Article 4 Bodies

The Bodies of UNASUR are:

1. The Council of Heads of State and Government
2. The Council of Ministers of Foreign Affairs
3. The Council of Delegates
4. The General Secretariat

#### Article 5 Institutional Development

Sectoral Ministerial Meetings, and meetings of the Councils at Ministerial level, Working Groups and other institutional levels may be convened as required on a permanent or

temporary basis, in order to fulfill the mandates and recommendations of the competent bodies. These bodies will report on their activities through the Council of Delegates, which will present its findings to the Council of Heads of State and Government or to the Council of Ministers of Foreign Affairs, as appropriate. The agreements adopted by the Sectoral Ministerial Meetings, Councils at Ministerial level, Working Groups and other institutional levels will be submitted for consideration by the competent body which has summoned or created them. The Energy Council of South America, created by the Declaration of Margarita (April 17th, 2007), is part of UNASUR.

#### Article 6 The Council of Heads of State and Government

The Council of Heads of State and Government is the highest organ of UNASUR. Its responsibilities are:

- a) To establish policy guidelines, plans of action, programmes and projects of the South American integration process and to decide on the priorities to be implemented;
- b) To summon Sectoral Ministerial Meetings and to create Councils at Ministerial level;
- c) To decide on the proposals presented by the Council of Ministers of Foreign Affairs;
- d) To adopt the political guidelines for relation with third parties;

The ordinary meetings of the Council of Heads of State and Government will be held annually. Upon the request of a Member State, extraordinary meetings may be summoned through the Pro Tempore Presidency, subject to the consensus of all Member States of UNASUR.

#### Article 7 The Pro Tempore Presidency

The Pro Tempore Presidency of UNASUR will be held successively by each of the Member States, in alphabetical order, for periods of one year. Its responsibilities are:

- a) To prepare, summon and preside over the meetings of the bodies of UNASUR;
- b) To present to the Council of Ministers of Foreign Affairs and to the Council of Delegates the annual program of activities of UNASUR, with dates, venues and agenda of the meetings of its bodies in coordination with the General Secretariat;
- c) To represent UNASUR in international events, with the prior authorization of the Member States;
- d) To undertake commitments and to sign Declarations with third parties, with prior consent of the appropriate bodies of UNASUR.

#### Article 8 The Council of Ministers of Foreign Affairs The Council of Ministers of Foreign Affairs has the following functions:

- a) To adopt Resolutions in order to implement the Decisions of the Council of Heads of State and Government;
- b) To propose draft Decisions and prepare the meetings of the Council of Heads of State and Government;
- c) To coordinate positions on central themes of South American integration;
- d) To develop and promote political dialogue and coordination on themes of regional and international interest;
- e) To oversee and evaluate the integration process as a whole;
- f) To approve the annual Programme of activities and the annual working budget of UNASUR;
- g) To approve the financing of the common initiatives of UNASUR;
- h) To implement the policy guidelines for relations with third parties;

- i) To approve resolutions and regulations of an institutional nature or on other themes falling within its jurisdiction;
- j) To create Working Groups based on the priorities established by the Council of Heads of State and Government. The ordinary meetings of the Council of Ministers of Foreign Affairs will be held every semester and may be convened by the Pro Tempore Presidency on an extraordinary basis at the request of half of the Member States.

#### Article 9 The Council of Delegates

The Council of Delegates has the following functions:

- a) To implement, through the adoption of the appropriate Provisions, the Decisions of the Council of Heads of State and Government, and the Resolutions of the Council of Ministers of Foreign Affairs, with the support of the Pro Tempore Presidency and the General Secretariat;
- b) To prepare the meetings of the Council of Ministers of Foreign Affairs;
- c) To prepare draft Decisions, Resolutions and Regulations for the consideration of the Council of Ministers of Foreign Affairs;
- d) To ensure the compatibility and to coordinate the initiatives of UNASUR with other existing regional and subregional integration processes in order to promote the complementarity of efforts;
- e) To establish, coordinate and oversee the Working Groups;
- f) To oversee the political dialogue and consultation and coordination on issues of regional and international interest;
- g) To encourage the opportunities for dialogue so as to facilitate citizen participation in the South American integration process;
- h) To propose to the Council of Ministers of Foreign Affairs, for its consideration and approval, the draft ordinary annual working budget. The Council of Delegates is composed of one accredited representative of each Member State. It will meet preferably every two months, in the territory of the State which occupies the Pro Tempore Presidency or another agreed venue.

#### Article 10 The General Secretariat

The General Secretariat is the body that, under the leadership of the Secretary General, executes the mandates conferred upon it by the organs of UNASUR and represents them accordingly. Its headquarters shall be the city of Quito, Ecuador.

Its responsibilities shall be:

- a) To support the Council of Heads of States and Government, the Council of Ministers of Foreign Affairs, the Council of Delegates and the Pro Tempore Presidency in the fulfilment of their duties;
- b) To propose initiatives and to oversee the implementation of the directives of the organs of UNASUR;
- c) To participate with the right to speak and to perform the role of secretary in the meetings of the organs of UNASUR;
- d) To prepare and submit the Annual Report and the respective reports to the corresponding organs of UNASUR;
- e) To serve as depository of the Agreements in the framework of UNASUR and to arrange for their respective publication;
- f) To prepare the draft Annual Budget for the consideration of the Council of Delegates and to adopt the necessary measures for its proper management and execution;

g) To prepare the draft Regulations for the functioning of the General Secretariat and to submit them for the consideration and approval of the corresponding organs;  
h) To coordinate with other integration and cooperation entities of Latin America and the Caribbean with a view to developing those activities requested by the bodies of UNASUR;

i) To execute, according to the regulations, all the legal acts necessary for the proper administration and management of the General Secretariat;

The Secretary General shall be appointed by the Council of Heads of State and Government, following a proposal by the Council of Ministers of Foreign Affairs, for a term of two years, renewable only once. The Secretary General shall not be succeeded by a person of the same

nationality. During the exercise of his or her functions, the Secretary General and the staff of the General Secretariat shall be exclusively dedicated to UNASUR and will not request, neither accept, instructions from any Government nor any authority other than UNASUR, and will refrain from acting in a manner inconsistent with their status as international civil servants with sole responsibility to this international organisation.

The Secretary General shall be the legal representative of the General Secretariat. In the selection of the employees of the General Secretariat, an equitable representation for each Member State will be guaranteed, taking into account, as far as possible, criteria of gender, language, ethnicity and others.

#### Article 11 Juridical Sources

The juridical sources of UNASUR are the following:

1. The Constitutive Treaty of UNASUR and other additional instruments;
2. The Agreements concluded by the Member States of UNASUR as a consequence of the instruments mentioned in the item above;
3. The Decisions of the Council of Heads of State and Government;
4. The Resolutions of the Council of Ministers of Foreign Affairs;
5. The Provisions of the Council of Delegates.

#### Article 12 Approval of the Legislative Measures

All the norms of UNASUR will be adopted by consensus. The Decisions of the Council of Heads of State and Government, the Resolutions of the Council of Ministers of Foreign Affairs and the Provisions of the Council of Delegates may be adopted with the presence of at least three quarters (3/4) of the Member States. The Decisions of the Council of Heads of State and Government, the Resolutions of the Council of Ministers of Foreign Affairs adopted without the presence of all Member States, shall be forwarded by the Secretary General to the absent States, which shall make known their position within thirty (30) days after receipt of the document in the appropriate language. In the case of the Council of Delegates, that deadline shall be fifteen (15) days.

The Working Groups shall hold sessions and make proposals as long as they have a quorum of half plus one of the Member States. The legislative measures emanating from the organs of UNASUR will be binding on the Member States once they have been incorporated into each Member State's domestic law, according to its respective internal procedures.

#### Article 13 Adoption of Policies and Creation of Institutions,

Organizations and Programmes One or more Member States may submit for the consideration of the Council of Delegates a proposal for adoption of policies, creation of

common institutions, organisations and programmes which will be adopted in a consensual manner, on the basis of a flexible and gradual criteria of implementation according to the objectives of UNASUR and the provisions of Articles 5 and 12 of this Treaty. Programmes, institutions and organisations in which Member States participate prior to the entry into force of this Treaty may be considered as UNASUR programmes, institutions or organisations, in accordance with the procedures outlined in this article and in accordance with the objectives of this Treaty. The proposals will be submitted to the Council of Delegates. Once approved by consensus, they will be forwarded to the Council of the Ministers of Foreign Affairs and, subsequently, to the Council of Heads of State and Government, for approval by consensus. When a proposal has not obtained consensus, it may only be submitted to the Council of Delegates six months after its last inclusion in the agenda.

Once a proposal is approved by the highest body of UNASUR, three or more Member States may begin to implement it, provided that the possibility of inclusion of other Member States in such a common initiative is guaranteed and periodical reports of its implementation are presented to the Council of Delegates. Any Member State may completely or partially refrain from implementing an approved policy, be it for a period defined beforehand, or for an indefinite period, without preventing it from later joining the total or partial implementation of that policy. In the case of institutions, organisations or programmes which are created, any Member State may participate as an observer, or refrain from participating fully or partially for a definite or indefinite period. The adoption of policies and the creation of institutions, organisations and programmes will be regulated by the Council of Ministers of Foreign Affairs, following a proposal by the Council of Delegates.

#### Article 14 Political Dialogue

The political consultation and coordination among the Member States of UNASUR will be based on harmony and mutual respect, strengthening regional stability and supporting the preservation of democratic values and the promotion of human rights. Member States will reinforce the practice of consensus-building on the central themes on the international agenda and will promote initiatives that affirm the identity of the region as a dynamic factor in international relations.

#### Article 15 Relationship with Third Parties

UNASUR will promote initiatives for dialogue on themes of regional or international interest and will seek to strengthen cooperation mechanisms with other regional groups, States and other entities with international legal character, focusing on projects in the areas of energy, financing, infrastructure, social policies, education and others to be identified. The Council of Delegates with the support of the Pro Tempore Presidency and the General Secretariat is responsible for overseeing the implementation of activities. For the purpose of achieving proper coordination, the Council of Delegates shall be informed of and consider the positions that UNASUR will adopt in its relationship with third parties.

#### Article 16 Financing

The Council of Delegates will propose to the Council of Ministers of Foreign Affairs, for consideration and approval, the draft Annual Ordinary Budget for the functioning of the General Secretariat. The financing of the ordinary budget for the functioning of the General Secretariat will be based on differentiated contribution quotas of the Member

States to be determined by a Resolution of the Council of Ministers of Foreign Affairs, following a proposal by the Council of Delegates, taking into account the economic capacity of the Member States, shared responsibility and the principle of equity.

#### Article 17 Parliament

The creation of a South American Parliament, whose seat shall be the city of Cochabamba, Bolivia, will be the subject of an Additional Protocol to the present Treaty.

#### Article 18 Citizen Participation

Full citizen participation in the process of South American integration and union will be promoted by means of dialogue and interaction in a broad, democratic, transparent, pluralistic, diverse and independent manner with the various social actors, establishing effective channels of information, consultation and supervision in the different bodies of UNASUR. The Member States and organs of UNASUR will promote innovative mechanisms and spaces to encourage discussion of various issues ensuring that the proposals submitted by civil society receive adequate consideration and response.

#### Article 19 Associate States

Other Latin American and Caribbean States that request participation as Associate States of UNASUR may be admitted with the approval of the Council of Heads of State and Government.

The rights and obligations of the Associate States will be regulated by the Council of Ministers of Foreign Affairs.

#### Article 20 Accession of New Members

After the fifth year of the entry into force of the present Treaty and taking into account the aim of strengthening Latin American and Caribbean unity, the Council of Heads of State and Government may consider requests for accession as Members States by Associate States, that have held such a status for four years, by means of a consensual recommendation by the Council of Ministers of Foreign Affairs. The respective Protocols of Accession will enter into force 30 days after the completion of the ratification process by all Members States and the acceding State.

#### Article 21 Dispute Settlement

Any dispute that may emerge between States Parties regarding the interpretation or implementation of the provisions of this Constitutive Treaty will be settled through direct negotiations. In the case where a solution is not reached through direct negotiation, the Member States involved will submit the dispute for the consideration of the Council of Delegates, which will formulate within 60 days, the appropriate recommendations for the settlement of the dispute. If a solution is not reached by the Council of Delegates, the dispute will be taken to the Council of Ministers of Foreign Affairs, which will consider it at its next meeting.

#### Article 22 Privileges and Immunities

UNASUR shall enjoy in the territory of each of its Member States, the privileges and immunities necessary for the fulfilment of its functions. The representatives of the Member States of UNASUR and the international employees of UNASUR will therefore benefit from the privileges

and immunities necessary for the independent exercise of their functions with relation to this Treaty. UNASUR shall establish with the Republic of Ecuador the corresponding Headquarters Agreement which will establish the specific privileges and immunities.

#### Article 23 Languages

The official languages of the Union of South American Nations will be English, Spanish, Portuguese and Dutch.

#### Article 24 Validity and Denunciation

This treaty will have an indefinite validity. It may be denounced by any of the Member States by means of a written notification to the Depositary, which shall communicate such notification to the other Member States. The denunciation will have effect six (6) months after the date in which the notification is received by the Depositary. The notification of the denunciation shall not exempt the Member State of the obligation to pay outstanding ordinary contributions.

#### Article 25 Amendments

Any Member State may propose amendments to this Constitutive Treaty. The proposed amendments will be communicated to the General Secretariat which shall notify the other Member States for its consideration by the bodies of UNASUR. The amendments approved by the Council of Heads of State and Government will follow the procedure established in article 26 for entry into force.

#### Article 26 Entry Into Force

The present Constitutive Treaty of the Union of South American Nations will enter into force thirty days after the date of receipt of the 9<sup>th</sup> instrument of ratification. The instruments of ratification will be deposited before the Government of the Republic of Ecuador, which will communicate the date of deposit to the other States, as well as the date of entry into force of this Constitutive Treaty. For the Member State which ratifies the Constitutive Treaty after the deposit of the 9<sup>th</sup> instrument of ratification, the Treaty will enter into force 30 days after the date in which that State deposits its instrument of ratification.

#### Article 27 Registration

This Constitutive Treaty and its amendments will be registered at the United Nations Secretariat. The Parties agree to appoint a Special Commission, coordinated by the Council of Delegates and composed of representatives of the National, Regional and Subregional Parliaments, with the objective of preparing a draft of an Additional Protocol which will be considered in the IV Summit of Heads of State and Government. This Commission will meet in the city of Cochabamba. Such an Additional Protocol will determine the composition, attributions and functioning of the South American Parliament.

Done in the city of Brasilia, Brazil, on the 23<sup>rd</sup> day of the month of May of the year 2008

### **THE BRASILIA COMMUNIQUE (2000)**

On August 31 and September 1, 2000, at the invitation of the President of Brazil, Fernando Henrique Cardoso, the Heads of State of Argentina, Fernando De la Rúa; Bolivia, Hugo Bánzer Suárez; Chile, Ricardo Lagos Escobar; Colombia, Andrés Pastrana Arango; Ecuador, Gustavo Noboa; Guyana, Bharrat Jagdeo; Paraguay, Luis Angel González Macchi; Peru, Alberto Fujimori; Suriname, Runaldo Ronald Venetiaan; Uruguay, Jorge Batlle Ibañez; and Venezuela, Hugo Chávez participated in a Meeting of the Presidents of South America. Also present were the Presidents of the Inter-American Development Bank, Enrique Iglesias, and the Andean Development Corporation, Enrique García. This meeting, a historic, trailblazing event for the region, has imparted a major impulse to the organization of our shared experience in a common South American setting. It has also demonstrated the continued support for the shaping up of South America as a unique environment of democracy, peace, mutual cooperation, integration, and shared economic and social development.

2. Held in the context of the celebrations marking the 500th anniversary of the discovery of Brazil, the Meeting of the Presidents of South America reaffirmed the spirit of understanding and harmony that characterizes relations among South American countries and which should be continuously encouraged. This meeting was born of the conviction that geographic proximity and shared values demand a common agenda of specific opportunities and challenges that should be examined in their own forum, in addition to their discussion in other regional and international forums.

3. South America begins the new century strengthened by the progressive consolidation of its democratic institutions and by its commitment to human rights; the protection of the environment based on the concept of sustainable development; the overcoming of social injustice and the development of its peoples; the growth of its economies; the determination to maintain economic stability; and the expansion and deepening of its integration process.

4. The peaceful, friendly, and cooperative atmosphere reigning among the twelve South American countries is a distinctive characteristic that reflects favorably on the region on the international front. The definitive end to differences over territorial boundaries, as exemplified by the 1998 agreement between Ecuador and Peru, is a recent example of the prevailing spirit in South America, which has made and will continue to make this part of the world into an area of peace and cooperation, free of territorial conflicts. The South American Presidents have taken this opportunity to reaffirm their allegiance to the principle of a peaceful and negotiated resolution of disputes, as opposed to the use of force—or the threat thereof—against any other sovereign State, pursuant to the applicable rules of International Law.

5. Recognizing that peace, democracy, and integration are essential for guaranteeing the region's development and security, the Presidents emphasized the importance of the Declaration of MERCOSUR, Bolivia, and Chile as a Peace Zone free of weapons of mass destruction, signed in Ushuaia, in July 1998, and of the Andean Commitment to Peace, Security and Cooperation under the December 1989 Galapagos Declaration. In this spirit, the Presidents agreed to establish a South-American Peace Zone. To this end, they will instruct their respective Ministers of Foreign Relations to take the necessary steps to implement this decision. The Presidents will also encourage the deepening of

the dialogue on security in South America, taking into account the human, economic, and social aspects of the issue.

6.

Strict respect for the values of representative democracy and its procedures, human rights, international law, disarmament, and the nonproliferation of weapons of mass destruction is fundamental to the process of cooperation and integration in which the South American countries are currently engaged.

7.

The Presidents concurred in their assessment that political stability, economic growth, and the promotion of social justice in each of the twelve South American countries will depend to a great extent on the widening and deepening of cooperation and of the sense of solidarity within the region, as well as on strengthening and expanding the network of mutual interests. They thus identified a series of topics that may benefit from a specific South American cooperative approach: democracy; trade; integration infrastructure; illicit drugs and related crimes; information, knowledge, and technology.

8. The Heads of State reaffirmed their commitment to regional integration in Latin America and the Caribbean, a foreign policy goal that is inherent to the very national identity of the countries of the region. They expressed their conviction that a firmer concerted action on the part of South America regarding specific issues of common interest will further strengthen their commitment to the ideals and principles that have guided the integration process.

9. The Presidents recalled that sub-regional processes in South America, particularly MERCOSUR and its process of association with Bolivia and Chile, the Andean Community, the Andean Development Corporation, the Latin American Reserve Fund, as well as the Latin American Integration Association-LAIA, the River Plate Basin Treaty, the Amazon Cooperation Treaty, the Group of Three, the Central American Common Market, and CARICOM, among others, have been the most dynamic components of Latin American and Caribbean integration. Coordination among the countries of South America will strengthen Latin America and the Caribbean. The initiative aimed at the establishment of a free trade area of the Americas is also based on the consolidation of sub-regional processes.

10. The Presidents also congratulated themselves over the Andean Community's proposal to start a political dialogue with MERCOSUR and Chile, an offer which was formally accepted under the agreements adopted during the Summit of MERCOSUR, Bolivia and Chile held in Buenos Aires on June 30, 2000. In this spirit, they welcomed the Bolivian initiative to host the aforementioned dialogue, with the participation of Guyana and Suriname in the deliberations involving the topics of the agenda of common interest.

11. Consolidating South American identity and endowing it with effective tools will contribute to strengthening other regional organisms, mechanisms or processes of a

broader geographic scope in which the South American countries also participate. On the political front, this applies particularly to the Rio Group—a point of convergence of initiatives to strengthen ties among the countries of Latin America and the Caribbean — and to the Organization of American States, the Summit of the Heads of State and of Government of the Americas, or the Ibero-American Conference, among other forums. On the economic and trade front, this also applies to the Latin American Integration Association-LAIA, to the Latin American Economic System-SELA, and to the negotiations for the establishment of a free trade area of the Americas. South American identity, already consolidated in countries that share common borders, reinforces and complements the bilateral and multilateral ties with the other nations of Latin America and the Caribbean, the Continent, and the world.

12. South American cohesion is also essential to ensure that integration into the world economy will be beneficial. The common challenges of globalization—its unequal effects on different groups of countries and on the populations of individual countries—may be met more efficiently if the region carries its integration further and continues to act ever more effectively on the great issues of the international economic and social agenda in a manner that reflects coordination and solidarity.

13. The South American Presidents agreed that the globalization process, if conducted from the perspective of balanced and equitable development and results, may generate benefits for the countries of the region, such as increased trade, expansion of investment flows, and broader dissemination of knowledge and technology. This process also entails challenges that should be equally faced through political commitments and concerted actions by the countries of South America, in a such a way that globalization becomes an effective means for expanding growth and development opportunities in the region and for improving the standards of social welfare in a sustainable and equitable manner.

14. The Heads of State agreed with the assessment that the determination to implement consistent macroeconomic policies is essential to the internal stability of each country and to guaranteeing continued advances in integration processes. They emphasized, moreover, the fundamental importance of a favorable international economic environment to complement the national and regional efforts. In this context, they stressed the importance of appropriate prices for commodities exported by the region, keeping in mind the importance of this aspect for the drive to eradicate poverty.

15. It is crucially important that multilateral trade negotiations adhere to a greater degree of balance and symmetry between the rights and commitments of developed and developing countries. The Presidents recalled that their countries have adopted courageous trade liberalization programs in the 1990s while the developed countries continue to raise major trade barriers against exports from South America. The implementation of the Uruguay Round agreements was not sufficient to correct the existing imbalances in international economic and trade flows. The multilateral trade system continues to suffer distortions caused by protectionist measures and other production support measures adopted by the major trading partners.

16. The Presidents of the South American countries reaffirmed their commitment to strengthening the World Trade Organization and to improving the multilateral trade

system on an equitable, just, and nondiscriminatory basis. This would require that future multilateral trade negotiations be based on a positive agenda and take into consideration the link between trade and development as well as the specific needs and concerns of developing countries. Launching a new round of multilateral trade negotiations that include a clear commitment with respect to access to, and liberalization of agricultural markets and to the elimination of the distortions in these markets and of related export subsidies is a high priority for South America. Another priority is to include modes of special, differentiated treatment that take structural differences into account and meet the needs of developing countries through adequate instruments.

17. The imbalances in international financial markets remain a source of concern. The international community should persevere and ascribe higher priority to identifying and implementing measures to correct these imbalances, which could have extremely negative effects on the domestic economic stabilization efforts in South America. Moreover, for some of the highly indebted South American countries, the debt service not only constitutes a heavy burden but also places the countries' stability at risk and seriously compromises their economic and social development. The Presidents thus urged the international financial community to work together to find a rapid solution to this problem and appealed to the creditors to adopt measures conducive to this end so as to facilitate the resumption of economic growth in the indebted countries and to assist the governments of the region in the fight against poverty.

18. The Presidents expressed their satisfaction with the participation of the Representative of the National Congress of Brazil, Deputy Vilmar Rocha, as well as with the presence of the following observers: Jorge Castañeda, Representative of Mexico; Juan Francisco Rojas Penso, Secretary-General of the Latin American Association for Integration-LAIA; Sebastián Alegrett, Secretary-General of the Andean Community-CAN; Ney Lopes de Souza Filho, Alternate President of the Latin American Parliament-PARLATINO; Otto Boye, Permanent Executive Secretary of the Latin American Economic System-SELA; José Antonio Ocampo, Executive Secretary of the Economic Commission for Latin America and the Caribbean-CEPAL; Genaro Sánchez, Chairman of the Board of the Financial Fund for the Development of the River Plate Basin-FONPLATA; and Sebastião Cunha, President of the Council of the Latin American Export Bank-BLADEX.

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The South American Presidents register hereunder the understandings, conclusions, and recommendations resulting from their deliberations on the topics of the Brasilia Meeting agenda.

## DEMOCRACY

20.

The consolidation of democracy and peace throughout the region is the foundation for both the historical close ties uniting the South American countries and the resolution of disputes between sister nations through negotiated settlements. Fully established

democratic institutions are an essential condition for the strengthening of regional integration processes. The extensive exchange of ideas at the Brasilia Meeting has strengthened the countries' common, irrevocable commitment to democracy, peace, and integration.

21. Representative democracy is the foundation of the legitimacy of political systems and an indispensable condition for the region's peace, stability, and development. It is essential to stimulate the effective, ethical, and responsible participation of citizens and their organizations in democracy; to contribute to the modernization and strengthening of political parties; to promote the participation of civilian organizations and their contribution to the discussion of issues of public interest; to broaden the access of the populations of the of South American countries to the judicial system; to ensure the maintenance of free, periodical, transparent, fair, and pluralistic electoral processes based on universal, secret ballot; and to promote the institutional strengthening of electoral processes by means of advanced computer technology.

22. The Heads of State concurred that democracy in South America should be strengthened through the continual promotion and defense of the rule of law; effective application of the principles of good governance; transparency of public institutions and public policy decision-making processes; fight against corruption through legal, administrative, and political measures; reform and improvement of the judicial services, so as to achieve more efficient, transparent, and widely-accessible systems for the inhabitants of the South American countries; free access to information on the activities of public authorities and administrative appeal mechanisms; higher levels of competence; and the promotion of ethics and professionalism in public service.

23. The Heads of State stressed the importance of Mercosur, Bolivia and Chile's "democratic commitment" formalized by the Ushuaia Protocol of July 1998 and by the Additional Protocol to the Cartagena Accord on the "Andean Community's Commitment to Democracy." These are two additional guarantees of political stability and institutional continuity in South America. Inspired by these precedents, the Presidents agreed that maintenance of the rule of law and strict respect for the democratic system in each of the twelve countries of the region are at once a goal and a shared commitment and are henceforth a condition for participation in future South American meetings. Having due regard for existing regional mechanisms, the Presidents agreed to conduct political consultations in the event of a threat of disruption of the democratic system in South America.

24. The strengthening, improving, and updating of the democratic system are intimately linked to the economic and social development of the peoples of South America. Poverty and marginalization threaten institutional stability in the region and their eradication should continue to merit high priority of the governments of South America. The South American Presidents thus welcomed the signing, on June 29, 2000, of the Buenos Aires Charter on Social Commitment in MERCOSUR, Bolivia and Chile.

25. The arrival of the new millennium coincides with great social challenges in South America. Over the last two decades, the vulnerability of large segments of the region's population has not ceased to grow. Basic needs are still unmet in areas such as nutrition, health, education, housing, and employment. The eradication of extreme

poverty, a decrease in inequalities, and the incorporation of the poor into the other social sectors through integral development plans require the implementation of programs that focus on malnutrition and on access to education and basic health services, so as to improve the Human Development Indices in each country.

26. The Presidents of the South American countries emphasized the need to guarantee the right to a life with dignity as an inalienable right of every individual, as well as the need to conceive a regional public action program with the participation of multiple social, economic, and political actors. Action in accordance with democratic rules and systematic, solidarity-oriented criteria should lead to the adoption of policies that will help in addressing the region's historical income distribution disparities. Moreover, the South American Presidents concurred on the need to encourage actions aimed at strengthening the rights and duties of citizens and at helping to ensure the full exercise of citizenship by establishing information exchange and cooperation mechanisms for this purpose.

27. The governments of the region will reinforce their commitment to adopt measures for combating human rights violations, including those frequently associated with social inequity. In this spirit, the South American Presidents will instruct the appropriate agencies to identify cooperation programs aimed at the institutional strengthening of their respective national systems responsible for the protection of human rights. The Presidents of the South American countries further reiterated their commitment to the Inter-American System for the Protection and Promotion of Human Rights, and pledged their firm support to the consideration, within the OAS framework, of mechanisms for its improvement.

In the area of human rights, the fight against racism and discrimination, in all its manifestations and expressions, has special significance for the societies of South America for they are incompatible with the rule of law and the ideals and practice of democracy. The Presidents follow, with concern, the resurgence of racism and of discriminatory manifestations and expressions in other parts of the world and affirm their commitment to shielding South America from the propagation of this phenomenon. They recognized that the World Conference against Racism, Racial Discrimination, Xenophobia, and Similar Forms of Intolerance provides a unique opportunity to seek appropriate responses from the international community. The Presidents reaffirmed that the countries of origin and destination of migrants have the responsibility of strengthening cooperation in this area in order to ensure migrants the full exercise of their human rights, and, in particular, the right to life and to dignified, just, and nondiscriminatory treatment.

## TRADE

29.

The South American Presidents agreed in their assessment of the substantial advances in the economic and commercial integration processes among the countries of the region in the nineties, and on the need to persevere in strengthening these processes. They alluded to the negotiations for building up Mercosur, to the conclusion of free trade agreements between Mercosur and Bolivia and Chile, to the progress achieved by the

Andean Integration System Community, to free trade agreements between Chile and the countries of the Andean Community, and to their interest in encouraging closer coordination between Guyana and Suriname and the other South American economies.

30. The participation of the private sector—both business executives and workers — as well as the support of society as a whole, is a guarantee that these processes will continue and succeed. The Presidents thus decided to instruct their competent Ministers to coordinate the drafting of proposals for establishing a South American consultative forum at which high-ranking officials and civilian leaders would identify joint actions by the countries of the region in the trade and investment areas, with the aim of consolidating and deepening the South American integration process. This initiative could also contribute to the coordination of South American positions in civil society forums that regularly meet for negotiations related to the establishment of a free trade area in the Americas. These negotiations must take into account the different levels of socioeconomic development among countries of South America and, in particular, the circumstances, needs, economic conditions and opportunities of the smaller economies, with the objective of guaranteeing their full and effective participation in the process.

31. The Heads of State of MERCOSUR and the Andean Community (CAN) decided to start negotiations leading to the signing of a free trade agreement between the two groups as soon as possible and, in any case, by January 2002. The South American Presidents were unanimous in stressing the importance of the process of liberalization of markets in South America and thus welcomed the beginning of negotiations leading to Chile's full membership in MERCOSUR.

32. The negotiations aimed at the signing of a free trade agreement between MERCOSUR and the Andean Community will, by taking into account the contribution of the agreements the latter has signed with Brazil and Argentina, decisively move forward toward the shared goal of creating a broader economic and trade area in South America, with the participation of Chile, Guyana, and Suriname. This will be based on the gradual liberalization of trade in goods and services, on facilitating investments, and on the creation of the infrastructure needed to achieve this objective.

33. The Presidents of the South American countries reaffirmed their understanding that the creation of an expanded economic area in the region will occur in accordance with the principles of an "open regionalism." This will strengthen the position of the South American countries in important negotiations the region wants to see brought to a successful conclusion, such as those for a free trade area of the Americas, those aimed at closer coordination with the European Union, or those in the framework of the World Trade Organization, among others. The Presidents indicated their expectation that these extra-regional trade negotiations will contribute to the social and economic development of the South American countries and to their full integration into the international economy.

34. The Presidents of the South American countries reaffirmed their support to the process of expanding and deepening economic integration in the Hemisphere. They welcomed the results of the Fifth Ministerial Meeting of the FTAA, held in Toronto in November 1999 and reiterated their engagement in the gradual establishment of a free

trade area of the Americas, the negotiation of which should be concluded by no later than 2005, on an equitable and balanced basis that will ensure the effective access of South American exports to markets. To this end, the Presidents decided to intensify the coordination of the South American countries' negotiating positions.

The South American Presidents emphasized that, in order to achieve comprehensive and balanced results that meet the interests of all the countries involved, the FTAA negotiations should take into consideration the varying stages of economic development and the economic size of the actors involved. The Hemispheric initiative should be an effective instrument for fostering the sustainable and equitable development of all the Americas.

#### INTEGRATION INFRASTRUCTURE

36. The Heads of State noted that the driving force for cross-border integration is strong because it arises from, among other factors, geographic proximity, cultural identity, and the consolidation of shared values. Borders within South America should no longer serve as an element of isolation and separation; they should rather be a connecting link for the circulation of goods and individuals and thus circumscribe a privileged area for cooperation.

37. Integration and the development of physical infrastructure are two complementary approaches. The establishment of an expanded South American economic area desired by the peoples of the region will depend on the broadening and complementation of initiatives under way and on the identification of new integration infrastructure initiatives. This must be guided by the principles of social and environmental sustainability and have the ability to attract capital from outside the Region and to generate multiplier effects within it. Advances in the area of infrastructure will, in turn, release new driving forces toward integration, thereby setting in motion dynamics that should be encouraged. This scenario would also benefit from the adoption of an investment policy based on a regional rather than a merely national perspective.

38. The Presidents ascribed high priority to the identification of infrastructure projects of bilateral and sub-regional interest. Given their magnitude, the financing of integration infrastructure projects must be shared by the governments, the private sector and the multilateral financial institutions, particularly the Inter-American Development Bank-IADB, the Andean Development Corporation, the Fund for the Development of the River Plate Basin-FONPLATA, and the World Bank. The Presidents noted, in particular, the importance of rules that favor the South American countries' access to long-term financing, at appropriate interest rates, from international financing institutions, for infrastructure projects. They further stressed the need to identify innovative modalities of financial support for infrastructure projects so as to encourage the participation of private investors and mobilize all possible resources, as done by the Latin American Reserve Fund.

39. The region's Heads of State took note with special satisfaction of the attached Action Plan for Integrating Regional Infrastructure in South America, which contains suggestions and proposals, with a time-line of ten years, for the expansion and modernization of South America's physical infrastructure, especially in the areas of

energy, transportation, and telecommunications. The aim is to establish corridors of economic and social development and integration for the region's future expanded economic area, taking into particular account the situation of countries hindered by geographical difficulties to access international markets by sea. The Action Plan, prepared by the IDB, benefited greatly from contributions by the Andean Development Corporation-ADC and from input from other relevant regional entities and from the South American countries.

40. The Presidents stressed the role of energy, transport and communications networks as the engine of the integration of South American countries. To this end, infrastructure projects geared to integration should be complemented by the adoption of regulatory and administrative regimes that facilitate the interconnection and operation of energy, transport, and communications systems.

41. In the area of transport, the South American countries have set as a priority the establishment of intermodal networks to ensure a better utilization of land, river, sea, and air ways and facilitate the movement of people, vehicles and goods across borders, as well as help boost trade and investment in the region as a whole. Still in the area of transport, the Presidents referred to the existence of other important sources of input for the task of expanding and modernizing South America's physical infrastructure. In this context, they pointed out the Transport Network and the Inventory of Priority Projects for South American Integration, approved by the South American Ministerial Conference on Transport, Communications, and Public Works; the Master-Plan for Transport and its Infrastructure for South America, prepared by LAIA as part of the South American Ministerial Conference on Transport, Communications, and Public Works, the activities of the Multilateral Working Group on Bioceanic Land Corridors, and the work carried out under the River Plate Basin Treaty and the Amazon Cooperation Treaty, aimed at the integration of transport networks.

42. In the energy sector, the integration and complementation of the South American continent's energy resources—in the areas of liquid and gas carbon fuels, integration and exchange of fuels, such as natural gas, and of electrical energy interconnection and electrical energy ventures—provide an axis for approximation among the countries of the region. This axis should be expanded and improved, in parallel with environmental preservation and the elimination of unjustifiable barriers arising from restrictions and regulation in this sector.

43. The Presidents recalled that the development of telecommunications is essential to the establishment of logistical systems and to the integration of energy systems according to a South American regional approach. The telecommunications infrastructure also provides a foundation for cooperation initiatives among South American countries aimed at meeting the demands of the information society.

44. The Presidents decided to instruct their representatives at the IDB and other international financial organizations to propose, when convenient, that these institutions adopt all necessary measures for implementing the proposals contained in the attached Action Plan, bearing also in mind the difficulties pointed out in Paragraph 39 above as well as the situation of countries under foreign borrowing restrictions. The objective is to carry out studies, provide consulting services, and ensure the

disbursement of funds to assist in the implementation of initiatives for developing integration axes for the future expanded economic area in South America. The Presidents further emphasized the unique importance of the future coordination work with the IBD and the ADC, among other relevant international and regional entities.

45. At the same time, the Presidents of the South American countries reiterated their commitment to ascribing an even higher political priority to the ongoing national, bilateral, and sub-regional initiatives aimed at modernizing and developing the integration infrastructure network throughout the region. In this connection, they emphasized the fundamental role of the private sector.

To consolidate an integrated regional vision of the lines of action for the expansion and modernization of South American infrastructure, based on the Action Plan and the other documents referred to above, the Presidents of the South American countries decided to call, through their Chancelleries, a ministerial-level meeting, to be held in November/December. The offer from the Eastern Republic of Uruguay to host this meeting was accepted with satisfaction. On that occasion, ways to stimulate and facilitate the full engagement of private initiatives in the process of infrastructure modernization in the region should be examined.

#### ILLICIT DRUGS AND RELATED CRIMES

47. The South American Presidents emphasized their concern about the issue of illicit drugs and related crimes in the region, which, as specific national circumstances show, may be associated with other issues such as contraband, the illicit arms trade, and terrorism. These threats pose a risk to the very integrity of the political, economic, and social structures of the South American countries. It is essential that all branches of the government and of the civil society be engaged in the struggle to solve these problems.

48. The Presidents emphasized the role of the OAS in the progress achieved in the fight against drugs in this Hemisphere. They pointed out the importance of the 1996 Anti-Drug Strategy in the Hemisphere, which affirmed the principle of shared responsibility. They also stressed the 1999 approval by CICAD of the Multilateral Evaluation Mechanism-MEM, which, by utilizing transparent and multilaterally agreed criteria to assess the progress in the fight against drugs in each country of the Americas, should encourage hemispheric cooperation and replace unilateral evaluation initiatives.

49. The Presidents thus reaffirmed South America's commitment to the principles that govern relations among States and international cooperation in this area, namely, shared responsibility among the producing, transit, and consuming countries and an approach that puts equal emphasis on supply control, demand reduction, and the treatment of addicts.

50. With regard to supply control measures, the South American Presidents agreed on closer cooperation in the areas of intelligence, police operations, control of the traffic and deviation of chemical precursors (including the homologation of lists of controlled drugs in the region), control of the illicit arms trade, and combating money laundering. In this context, they decided to establish a formal mechanism for regular consultations among the entities responsible for fighting drug trafficking and related crimes.

51. The Presidents reiterated their interest in establishing a regional group for combating money laundering, similar to the Financial Action Task Force — FATF-. They have thus supported the understandings reached by the South American national parties responsible for controlling money laundering, who met in Brasilia on August 16-17, on which occasion they issued a Memorandum of Understanding on the creation of the South American Financial Action Group—GAFISUD. They further encouraged all South American countries to participate in GAFISUD, as well as stimulated the creation of an Executive Secretariat for the Regional Group.

The Presidents reiterated their support in the search for sustainable alternative economic activities to guarantee an adequate income for the population involved with illicit crops. They also committed themselves to instructing their representatives to explore ways to facilitate access of alternative products to the regional market, in the context of the negotiations aimed at regional trade liberalization.

#### INFORMATION, KNOWLEDGE AND TECHNOLOGY

53. The Presidents of the South American countries shared the perception that the last decades of the 20th century have witnessed the unfolding of an unprecedented revolution in knowledge, the consequences of which touch upon all areas of life and will be felt even more intensely in the future.

54. The Presidents concurred that the existence of a link between the production of science and technology and a nation's level of development is being consistently corroborated by reality. Scientific and technological knowledge thus imposes itself as the foundation for the production of national wealth at every level. On a national level, the access to knowledge and information is becoming ever more important for boosting and improving the productive sector's quality and efficiency; encouraging the creation of technology-based enterprises, particularly small and medium ones; improving employment opportunities; breaking the marginalization and poverty cycles; and distributing the national wealth in a more just and equitable manner.

55. In this regard, the Presidents pointed out that in order to speed up entry into the new information and knowledge society, it is important that the countries strengthen a continuing education system to ensure education at all levels for the broadest sectors of society, and unrestricted access to knowledge and information. This should be accomplished through the steady incorporation of new information technologies into the educational systems and the progressive access of schools and professional training centers to the Internet.

56. The Presidents concurred on the need to undertake efforts aimed at installing a basic connection structure to link the region to the Internet centers of the world. Furthermore, they agreed to disseminate advanced network services through this basic structure by including such fields as, among others, high performance data processing, digital libraries, telemedicine and remote education, and work with a view to employing the region's educational, scientific, and technological potential to foster sustainable development in their respective countries. The Andean Community countries stressed the possibilities for cooperation among the South American countries in view of the

results obtained by the Andean Telecommunications Authorities Commission-ACTA and the Andean Science and Technology Council.

57. The Presidents recognized that to ensure progress in laying a scientific and technological foundation in the region, it is necessary to encourage the creation, in a spirit of solidarity, of cooperative research networks in strategic areas, which will allow closer coordination of national capabilities and the strengthening of the research infrastructure. The aim is to raise the countries' creative and competitive capabilities to a level consistent with the demands of an information and knowledge society, in the broader spirit of the Ministerial Declaration on information technology, communication and development, adopted on July 7, 2000 by the High Level Segment of the Economic and Social Council-ECOSOC of the United Nations, a document which captures the perceptions contained in the so-called "Declaration of Florianopolis," approved by the Latin American and Caribbean countries during a preparatory meeting of the aforementioned Segment.

58. The Presidents noted that, with the intensification of trade on a global scale, we are witnessing a systematic reduction in tariffs, simultaneously with a gradual increase in the technical barriers to our countries' trade. Scientific and technological advances increasingly require complex infrastructures and laboratories operated by highly qualified scientific and technical personnel as well as the intensive and extensive development of higher education at all levels. In the medium and long term, fuller integration of the South American countries into the international economy will only be possible through the permanent incorporation of technological innovations that raise the added value of exports and increase the region's competitive ability. The commitment to undertake joint efforts to develop basic technologies conducive to the achievement of these goals must be one of the South American Governments' top priorities. In this connection, and in view of the recent adoption of the "2000 Okinawa Communiqué," the South American countries express their firm interest to interact with the G-8 members, particularly in the context of the issues relating to the fields of information technology and biotechnology.

59. The South American Presidents welcomed the announcement by the Brazilian government of a specific program for this sector, to be carried out through the establishment of a South American Fund to stimulate scientific and technological cooperation activities in the region, in the context of South America's integration into the information and knowledge-based society, open to the participation of all countries, so as to generate new activities and benefit those already under way.

60. The South American Heads of State congratulated themselves on the successful results of the Brasilia Meeting for the objectivity, openness, and transparency of the exchange of opinions on the agenda topics. The meeting has reinforced the synergistic forces already active in the region. Its results constitute a significant contribution to the ongoing debate on these same topics in other regional and hemispheric forums in which the South American countries also participate.

61. The South American Presidents agreed to instruct their respective Ministers of Foreign Relations to adopt—in coordination with the competent areas—the necessary

measures for designating, as needed, focal points for the implementation of the commitments assumed under this Communiqué.

62. The Heads of State thanked the Government and the people of the Federative Republic of Brazil for their hospitality and praised the excellent organization that ensured the success of the South American Presidents Meeting. They also thanked President Fernando Henrique Cardoso for his initiative and for the invitation to participate in this important South American encounter which will most certainly signal a renewed path towards regional understanding.