

# LONELY TOGETHER

## SOUTH AMERICAN ALLIANCES MERCOSUR AND UNASUR FACE CRISIS

*Kristin Wesemann*

Latin American countries have sought partnership and a common approach to economic and foreign policy for two centuries. In spite of this they often pursue differing interests and do not find consensus. Argentinian President Cristina Kirchner presents herself as a modern independence fighter who wants to liberate the country from the U.S. and Europe. This type of Latin Americanisation in Argentina has placed considerable strain on regional cooperation.

### A SECOND LIBERATION MOVEMENT?

Kirchner's official residence, Casa Rosada, now holds a "Salón de los Pueblos Originarios", a Hall of Native Peoples. It is not brand new; until early 2013 it was still called "Salón Cristóbal Colón". But the man who discovered America no longer has any clout with Cristina Kirchner. Hugo Chávez, the late head of state of Venezuela, is said to have once asked her why Argentina continues to pay homage to "this mass murderer".<sup>1</sup> This is likely to be one reason for the sailor's recent exile from the palace. Chávez sometimes served as the President's *spiritus rector*.

Prior to this, Columbus' presence had not bothered Kirchner even though it is pervasive in Argentina: Large public squares, the country's most important theatres, roads, schools and cities are named for him. A statue honouring the Italian who sailed around the world under the Spanish flag in the 15<sup>th</sup> century stood in the Plaza Colón, not far



Dr. Kristin Wesemann is Resident Representative of the Konrad-Adenauer-Stiftung in Argentina.

1 | Carlos Pagni, "Cristina, exitosa imitadora", *La Nación*, 29 Jun 2013, <http://lanacion.com.ar/1596618> (accessed 12 Dec 2013).

from the government palace until last July. But the President had the monument, erected in 1921, removed from its pedestal. The protests by the Porteños, residents of the capital city, primarily from the Italian diaspora, did little to deter her. Venezuela, which has friendly relations with Argentina, has long pursued wiping Columbus from the history books and the national memory. Additionally, the Porteños are to get a new statue. "We want to be rid of Columbus to represent the entirety of Argentina's history and all the blood that has been shed", Kirchner said in a speech. "For this reason, we want to erect a statue of Juana Azurduy, heroine of independence."<sup>2</sup> The President expressed criticism for "how we are treated out there. If you look at what they are doing with Evo in Europe, it is hard to believe that five centuries have passed".<sup>3</sup> This refers to her Bolivian colleague's forced stopover in Vienna on 2 July 2013 when the presidential plane coming from Moscow was denied permission to fly over Spain, France, Italy and Portugal. Media reports had suggested that former U.S. intelligence agency employee Edward Snowden was also on board. The plane was searched, but the whistleblower was not found. Morales spent part of the night on a red leather sofa in the departure lounge – certainly not in typical fine diplomatic style. At the same time, on the other side of the world, Cristina Kirchner and her Ecuadorian counterpart Rafael Correa took to Twitter to convene an emergency meeting of the Union of South American Nations – Unasur. The alliance members comprise twelve independent countries on the subcontinent.

"Correa just told me that Ollanta will convene a meeting of Unasur. Tomorrow will be a long and difficult day. But keep calm. They won't get away with it", wrote the Argentine to her 2.5 million followers.<sup>4</sup> Once again, by "they" she meant Europe and North America. Kirchner believes the West wants to humiliate and suppress the young Latin

2 | See video of the speech: "Cristina Kirchner habló sobre el conflicto por la estatua a Colón, 'No es una decisión caprichosa'", ediciónciudad.com, [http://edicionciudad.com/c\\_7308](http://edicionciudad.com/c_7308) (accessed 12 Dec 2013).

3 | "Cristina Kirchner defendió el reemplazo de Colón por Azurduy: 'No es una decisión caprichosa'", *La Nación*, 4 Jul 2013, <http://lanacion.com.ar/1598193> (accessed 12 Dec 2013).

4 | Twitter profile of Cristina Fernández de Kirchner, <https://twitter.com/CFKArgentina> (accessed 10 Dec 2013).

American nations and she will return the favour: she has distanced herself from its values and institutions as eloquently as possible. Because great trust has been placed in Kirchnerism, which has reigned in Argentina for more than a decade, one can assume that it considers itself a second liberation movement; 200 years after Argentina gained independence, its task is considered to be ultimate liberation.

### IN EVITA'S FOOTSTEPS

Fernando Petrella doubts this idea could exist in reality, especially in a country like Argentina, where every other person "felt" they had dual citizenship.<sup>5</sup> Petrella takes two views of Argentina, from a national and international perspective: He was Deputy Secretary of State under President Carlos Menem (1989 to 1999) and Ambassador to the United Nations.

In fact, Argentina has always been an open country with close ties to the West. It is considered an "extreme migration case" because of the 5.5 million mainly European emigrants who landed at Río de la Plata between 1857 and 1924.<sup>6</sup> They have played a significant role in shaping Argentina; to this day an invisible bridge connects the old homeland with the new. "Gobernar es poblar", said constitutional framer Juan Bautista Alberdi. "Governing means colonising." Article 25 of the Constitution even states: "The government shall encourage European immigration, and it shall not restrict, limit or burden with any taxes the entrance into Argentine territory by foreigners who come with the goal of working the land, improving the country and promoting the arts and sciences."

**5.5 million mainly European emigrants landed at Río de la Plata between 1857 and 1924. To this day an invisible bridge connects the old homeland with the new.**

Immigrants today come from neighbouring countries, not from far-away Europe. In recent years it has been Paraguayans, Bolivians and Peruvians who have come to

5 | Author's interview with Fernando Petrella on 17 Dec 2013.

6 | Jürgen Osterhammel, *Die Verwandlung der Welt. Eine Geschichte des 19. Jahrhunderts*, Munich, C.H. Beck, 2009, 239.

**Argentina, traditionally a partner of the West, geared toward North America and Europe, is now allied with all who are willing to join in the struggle for liberation, rhetorically speaking.**

Argentina.<sup>7</sup> The face of the country is changing – and the electorate along with it. Perhaps herein lies the logic behind the Kirchnerist Latin-Americanisation of Argentina.

It is history repeating itself. First Lady Eva Perón had presented herself as a benefactor of indigenous Argentinians, or “shirtless ones” (*descamisados*), in the 1940s and 1950s – in doing so she contributed to the rise of Peronism. It could also be formulated as follows: Argentina, traditionally a partner of the West, geared toward North America and Europe, is now allied with all who are willing to join in the struggle for liberation, rhetorically speaking.

On 4 July 2013, five of the twelve heads of Unasur states met in the Bolivian city of Cochabamba to express their solidarity with Evo Morales. Kirchner, Correa, José Mujica of Uruguay, Nicolás Maduro of Venezuela and Desiré Bouterse of Suriname wanted to confront the “humiliation of their sister countries and the entire continent”.<sup>8</sup> Nevertheless, the official communiqué found its way back to the language of diplomacy, declared solidarity with the Andean country and called for clarification of the circumstances.<sup>9</sup>

Recently however, national leaders have come together in particular to publicly settle their internal disputes. By August 2013, several conflicts had come to light in Suriname: First, Bolivia complained that Brazil enabled a Bolivian Senator suspected of corruption to escape. Paraguay was advised to finally enter into political relations with Venezuela again. Caracas in turn clashed with Bogotá over the Colombian guerilla organisation FARC. And Santiago de

7 | 2004 to 2012: 674791 Paraguayans (39.97 per cent), 447086 Bolivians (26.48 per cent), 251679 Peruvians (14.91 per cent). Cf. Argentine Republic, Dirección Nacional de Migraciones and Ministerio del Interior y Transporte, “Síntesis Estadística de Radicciones”, [http://www.migraciones.gov.ar/pdf\\_varios/estadisticas/Sintesis%20Radicaciones%20enero-diciembre%202012.pdf](http://www.migraciones.gov.ar/pdf_varios/estadisticas/Sintesis%20Radicaciones%20enero-diciembre%202012.pdf) (accessed 16 Dec 2013).

8 | “Cristina: ‘Es una humillación a una nación hermana y al continente suramericano’”, *Télam*, <http://youtu.be/mfofVzSZCyk> (accessed 16 Dec 2013).

9 | “Comunicado de la Unasur por la situación de Evo Morales”, Argentine Republic, Presidencia de la Nación, 3 Jul 2013, <http://prensa.argentina.ar/2013/07/03/42125-comunicado-de-la-unasur-por-la-situacion-de-evo-morales.php> (accessed 16 Dec 2013).

Chile claimed that Buenos Aires wanted to drive Chilean airline LAN from the country so their own domestic airline, Aerolíneas Argentinas, would gain more passengers. In addition, the foreign ministers had only confirmed the details of the summit at the last minute. It was reported to the press that working groups would be formed for the heads of state to discuss their issues. The presidents of Colombia, Chile and Mexico failed to make any appearance at the summit at all. Since then, nothing more of consequence has been said concerning the organisation's work.



Not always so peaceful: Brazil's President Dilma Rousseff (l.) and the Argentine President Cristina Kirchner at the 44<sup>th</sup> Mercosur summit in Brasília. | Source: Eduardo Aigner, Mercosul Social e Participativo, flickr ©.

In reality, Unasur had been established to resolve conflicts. Brazil fought strongly for its creation. However, the frequency and degree of friction far exceed the alliance's opportunities. It lacks simple structures and mechanisms to establish a working plane on which decisions can be made. The organisation's real goal was to help the continent establish itself as an independent international actor. Only then could a continental free trade zone be discussed. In fact, at least on paper, Unasur is truly gigantic: more inhabitants than the United States and Canada combined (351 million), more than three times the size of the European Union (42,716,000 square kilometres). Only gross domestic product (GDP) lags behind and falls just short of Germany's (3.25 trillion U.S. dollars). And Brazil of course makes up the lion's share: nearly half of the

inhabitants (201 million), just under half of the land area (8,514,215 square kilometres) and two-thirds of GDP (2.4 billion).<sup>10</sup>

Fig. 1

### **Regional alliances in Latin America**

#### **Union of South American Nations (Unión de Naciones Suramericanas, Unasur)**

Since 2008, the international organisation comprising twelve South American nations has focussed on the objective of promoting regional economic and political integration. It rests on the model of the European Union. In the long-term, it aims to establish a common currency, defence and development policy. However, the lack of will to integrate and the strong individual interests of member states curb the efforts being pursued.

#### **South America's Common Market (Mercado Común del Sur, Mercosur)**

Mercosur was established in 1991 with the vision of forming a common internal market made up of its member states. Free movement of goods, services and citizens is the economic cooperative agreement's founding principle. As yet, however, a free trade zone has not been possible, mostly due to the various conflicts between member states. This was most recently made apparent by the temporary exclusion of Paraguay in 2012 and Venezuela's subsequent admission.

#### **Pacific Alliance (Alianza del Pacífico)**

The international organisation made up of the four countries of Chile, Colombia, Peru and Mexico generates over a third of South America's gross domestic product. They aim to expand on their economic strength by eliminating trade obstacles and inviting foreign investment (particularly from Asia). Member states must meet democratic standards and must already have bilateral trade relations in place with existing members. In 2013, Costa Rica became the fifth nation to join the economic community.

#### **Bolivarian Alliance for the Americas (Alianza Bolivariana para América, ALBA)**

ALBA emerged as a movement to counter the U.S.'s efforts to establish the Free Trade Area of the Americas (ALCA). The alliance aims to distance itself from the U.S.'s economic and political dominance and offer an alternative. Member states have been in possession of a regional trade currency, called Sucre, since 2010, which should also contribute to integration.

Source: Own presentation.

Early on Argentina disputed Brazil's leadership claims and even refused to vote for them to have a permanent seat on the United Nations Security Council. Following this tradition, Buenos Aires was wary of Unasur: Even with its economic growth, Argentina takes second place at the very most – a difficult role for a country that has long purported to be a respected global actor and rivalled Brazil's gross

10 | Central Intelligence Agency (CIA), The World Fact Book, <https://www.cia.gov/library/publications/the-world-factbook> (accessed 10 Dec 2013); "Living in the EU", European Union, [http://europa.eu/about-eu/facts-figures/living/index\\_en.htm](http://europa.eu/about-eu/facts-figures/living/index_en.htm) (accessed 10 Dec 2013).

domestic product in the 1960s despite Brazil being much larger. Today the neighbouring country's GDP is nearly four times as high and Brazil has since outgrown Unasur. In any case it had never sought the role of ideological lead strategist; Hugo Chávez of Venezuela occupied that position. He used the alliance to spread his Bolivarian revolutionary ideas, which were not far off from those of the Argentinian government at the time. Néstor Kirchner, former Argentine president and the organisation's first Secretary General, did not often oppose him; they got on very well all their lives and supported each other. Following Chávez's death in March 2013, Cristina Kirchner took up his mantle and used the forum for Argentina's search for its own identity.

Over the next five years, Unasur should become a kind of South American union, following Europe's example – with a common currency, its own parliament and passport system. However, member states often have conflicting goals. Some – especially the Pacific countries – have long emphasised stability, democracy and economic growth. Others – the left-populist governments – seek solutions that go “beyond neo-liberalism”.<sup>11</sup>

### **LATIN AMERICA: ONE PLACE, MANY IDEAS**

Long before Unasur came about, the continent had striven toward regional integration in hopes that everyone would gain. However, the many and often overlapping alliances have not made much headway since their first tentative steps on a transnational regional level. During the struggle for independence, Simón Bolívar had already made a plan to establish Gran Colombia in the North and thus create a merger of South American republics with a common defence policy and a supranational parliament. The Libertador, as Bolívar is often called, died in 1830, and Gran Colombia fell shortly thereafter.

After the Second World War, the continent experienced a true wave of integration. The Organization of American States, founded in 1948 – originally with 19 members –

11 | Daniel Flandes, “Brasilien – Regionalmacht mit globalen Ambitionen”, *GIGA Focus*, No. 6, 2007, 5, [http://giga-hamburg.de/en/system/files/publications/gf\\_lateinamerika\\_0706.pdf](http://giga-hamburg.de/en/system/files/publications/gf_lateinamerika_0706.pdf) (accessed 15 Dec 2013).

pledged to promote social and economic development and supported democracy, human rights and security. In 1959 came the addition of the Inter-American Development Bank, a sort of World Bank for the continent that was also intended to promote regional integration. A year later, Argentina, Brazil and Mexico came together to convince their neighbours of the benefits of the Latin American Free Trade Association (LAFTA); these efforts spanned 20 years, collapsed in 1980 and resumed as the Latin American Integration Association (ALADI). It still exists today, open to all countries in the continent, though it is hardly mentioned. In 1969, with the formation of the Andean Alliance, CAN, between Chile, Bolivia, Ecuador, Colombia and Peru, a phase of attempting sub-regional integration began, including the Southern Common Market, Mercosur. In addition, there are more than 50 free trade agreements in place between Latin American states.<sup>12</sup>

**The European Union is a consequence of the continent's loss of blood on the battlefield. The idea was born when Europe lay in ruins after the Second World War and there was room for visionary ideas.**

Europe is often held up as an example of integration. In fact, South America has undertaken several attempts – from a common currency to a common parliament. Nevertheless, much separates the two continents

in many ways. The European Union is a consequence of the continent's loss of blood on the battlefield. The idea was born when Europe lay in ruins after the Second World War and there was room for visionary ideas: (economic) integration, a Franco-German reconciliation between statesmen Konrad Adenauer and Charles de Gaulle following centuries of bitter enmity.

Latin America does not exhibit a similar split to Europe in 1945; there is no common idea that trumps economic self-interest and still applies after government changeovers. French journalist Bernard-Henri Lévy's famous European quote could also be applied to South America, but in reverse: "South America is not an idea but a place."<sup>13</sup> The only link in its history is the process of independence – and this of all things has "allowed nationalism to arise, sometimes rather naively, which emphasises national

12 | Renato Baumann, "Integration in Latin America – Trends and Challenges", CEPAL, Jan 2008, <http://iadb.org/intal/intalcdi/PE/2008/01306.pdf> (accessed 15 Dec 2013).

13 | Lévy said: "Europe is not a place but an idea."



autonomy and positively countervails efforts at integration."<sup>14</sup> Josef Oehrlein, a Latin America correspondent for the *Frankfurter Allgemeine Zeitung*, provides an example: Even when it comes to "customs duties on car parts or chicken legs", or for readily solvable problems, "it is every man for himself".<sup>15</sup>

From a European point of view, South America often appears like a monolith, because, with the exception of Brazil, the same language is spoken everywhere (though this is not entirely correct if one listens closely). Though the continent only consists of 13 countries, it is significantly larger than Europe – and much larger than the EU. Argentina alone measures 5,000 kilometres from north to south – the distance between Stockholm and Rome is a mere 2,000 kilometres, between Paris and Moscow 2,500.

Often these many alliances carry derogatory nicknames like "talking shop". The *Economist* writes that a "summit fatigue" spread long ago. But Latin America expert Shannon O'Neill of the New York Council on Foreign Relations sees this very fact as a strength. The format of these discussions were always helpful when conflicts erupted, such as in Colombia or Honduras. They could be settled quickly and largely non-violently; this is no small contribution when considering that the continent has a fundamental problem with violence, as Professor of Politics David Mares says – even between states.<sup>16</sup>

### **MERCOSUR: THE BROKEN SPRINGBOARD INTO GLOBAL FREE TRADE**

However, none of the many regional alliances is especially important to Argentina. On the contrary, even Mercosur, once so proud, promising its member countries free trade and its inhabitants a kind of regional citizenship, now only makes headlines because of internal bickering or

14 | Josef Oehrlein, "Die Vermessung der Unabhängigkeit", *Aus Politik und Zeitgeschichte (APuZ)*, No. 41/42, 4 Oct 2010, 4, <http://bpb.de/apuz/32459> (accessed 21 Jan 2014).

15 | *Ibid.*

16 | Cf. David R. Mares, *Latin America and the Illusion of Peace*, New York, Routledge, 2012; David R. Mares, *Violent Peace: Militarized Interstate Bargaining in Latin America*, New York, Columbia University Press, 2001.

spectacular events, such as the exclusion of Paraguay and the inclusion of Venezuela.

**The preliminary result of the Treaty of Asunción was a customs union with a democracy clause embedded in a liberal market macroeconomic landscape.**

Argentina, Brazil, Paraguay and Uruguay founded the Market of the South in 1991 with the Treaty of Asunción, reinforced three years later with the Treaty of Ouro Preto.

The preliminary result was a customs union with a democracy clause embedded in a liberal market macroeconomic landscape. After the leaden years of dictatorship and state mismanagement, the founding fathers had looked to Europe and not to the north to the North American Free Trade Area (NAFTA), strictly geographically limited to the United States, Canada and Mexico. They preferred an open regionalism for the young democracies in the south. In addition, both the famous ten points of the Washington Consensus and the two Bretton Woods institutions, the World Bank and International Monetary Fund, were accepted. Today they are held responsible for the 2001 crisis in Argentina.

However, the "primacy of the economy" was upheld in the 1990s in particular, when Fernando Collor de Mello was in power in Brazil and Carlos Menem in Argentina.<sup>17</sup> Mercosur was intended as a "springboard into global free trade", primarily breaking with the "statist-protectionist development model of import-substituted industrialisation". In the "golden early days", which lasted until 1994, members saw 90 per cent of all their products exempted from inland customs, and agreed on a common external tariff for 85 per cent.<sup>18</sup> On the one hand, by the end of the decade trade had grown strongly within the bloc and stood at more than 25 per cent by 1998; on the other hand, foreign direct investment, gross domestic product and other economic variables also increased. The turning point was the surprising devaluation of the Brazilian real in January 1999; Argentinian products abruptly became more expensive. The collapse of the Argentine financial system in December 2001 triggered a rethinking that continues to determine the country's political course to this

17 | Karsten Bechle, "Kein Auslaufmodell: 20 Jahre Mercosur", *GIGA Focus*, No. 3, 2011, [http://giga-hamburg.de/en/system/files/publications/gf\\_lateinamerika\\_1103.pdf](http://giga-hamburg.de/en/system/files/publications/gf_lateinamerika_1103.pdf) (accessed 15 Dec 2013).

18 | Ibid.

day: in the official discourse, free trade and free markets are considered negatives, a threat to the sovereignty of the nation. In fact, member countries of Mercosur grew in institutional strength in the years that followed – an important step forward considering that the dissolution of the alliance itself had initially been up for discussion. However, the internal disputes could not be stopped by its own parliament, through structural funds or various association agreements.



Reception of Venezuelan President Chávez in August 2012 at the airport in Caracas: The full membership of Venezuela in Mercosur had been sealed in Brasília just prior to this. | Source: © David Fernández, picture alliance.

The Mercosur of today bears little resemblance to an economic community and the open regionalism that was promised. Disputes over tariffs, export margins, import bans and investments have made the alliance a fractious club that still holds together on ideological issues if need be, for example, when Buenos Aires recently placed the British Falkland Islands back on the agenda. The Malvinas, as the Argentines call the South Atlantic islands, are primarily a domestic issue; it is used by the government to provide the country with what it is currently lacking: a sense of community. Argentina is politically divided but united when it comes to the islands. A vast majority of people feel these islands were, are and always will be Argentinian. As the

30<sup>th</sup> anniversary of the outbreak of the war drew near at the end of 2011, Cristina Kirchner had her colleagues deny ships flying the “illegal flag” of the Falklands access to their ports.<sup>19</sup> While London was still wondering what was going on at the other end of the world and, above all, why, it soon became clear that not all those involved in this pact took the situation as seriously as the Argentine government. In Uruguay, vessels flying the Falklands flag were soon moored and loaded, and a few months later Brazil’s President Dilma Rousseff and David Cameron confirmed their good relationship when the British Prime Minister visited the largest country in South America.

The exclusion of Paraguay from the alliance coupled with the inclusion of Venezuela was of greater political significance. In Asunción, the Senate voted President Fernando Lugo out of office; the Constitution permitted this and even outlined steps to this end, but the neighbouring countries were outraged and spoke of a coup, banning Paraguay from their midst in June 2012. Accident or design, in any event the voice that had always vehemently opposed the inclusion of Venezuela because of substantial doubt over the quality of local democracy was now lacking. Hugo Chávez’s republic was admitted and was thus permitted to further drive the politicisation of the alliance. The revolutionary leader conjured a “new Mercosur”, which, with a dose of “political Viagra” would erase any residual stock of “neoliberalism” and instead encourage social interests.<sup>20</sup>

**Argentina and Brazil have curtailed their eternal rivalry which has sometimes degenerated into a kind of nuclear arms race.**

The *Economist* wrote that Mercosur “was once a good idea”, created so “liberal democracies advancing free trade in South America”.<sup>21</sup> For the time being, however, the alliance’s real act of daring remains this: Argentina and Brazil have curtailed their eternal rivalry which has sometimes degenerated into a kind of nuclear arms

19 | “Declaración de los estados partes del Mercosur y estados asociados sobre buques que enarbolan la bandera ilegal de las islas Malvinas”, [http://mercosur.int/innovaportal/file/4506/1/cmc\\_2011\\_acta02\\_ane13\\_declaracion\\_\\_islas\\_malvinas.pdf](http://mercosur.int/innovaportal/file/4506/1/cmc_2011_acta02_ane13_declaracion__islas_malvinas.pdf) (accessed 15 Dec 2013).

20 | “Mercosur RIP?”, *The Economist*, 14 Jul 2012, <http://economist.com/node/21558609> (accessed 15 Dec 2013).

21 | Ibid.

race.<sup>22</sup> Nevertheless, another crisis is on the horizon: the neighbouring countries are talking and arguing about protectionism. In 2013, Brazilian mining company Vale withdrew from a six-billion-dollar project to mine potassium and produce fertiliser in the Argentinian wine and mining province of Mendoza. Two billion U.S. dollars had already been invested; 6,000 jobs were eliminated. However, the second largest company in Brazil, in which the state also holds shares, no longer believed in the investment: "Not even Dilma would invest anything more in Argentina", as was put sympathetically by Argentine business circles. "The future is bleak."<sup>23</sup>

In its editorial section, Rio de Janeiro newspaper *O Globo* wrote that a climate hostile to business and a political culture of placing pressure on business, the media and the judiciary ruled in Argentina. The withdrawal of Vale is the "correct answer to the many obstacles that those in power in Buenos Aires placed in the company's way."<sup>24</sup> With a slight delay, the political response from Brasília came when Mercosur's foreign and economic ministers met in Caracas in late October 2013. Brazil's Foreign Secretary, Luiz Alberto Figueiredo, reproached his colleague Héctor Timerman for Argentina's constant protectionist measures hampering the talks regarding the free trade agreement with the European Union that began in 1994.<sup>25</sup> But while Uruguay and Brazil have long negotiated with the EU on their own, Argentina cannot even bring itself to compile a list of 100 products that could be freely traded between the two alliances.

In fact, the ministers in Caracas were meant to prepare the presidential summit meeting for 17 December 2013. But this was postponed and should now (possibly) take place

22 | "Country Profiles: Argentina and Brazil", Global Security Institute, 22 May 2012, [http://gsinstitute.org/dpe/countries/argentina\\_brazil](http://gsinstitute.org/dpe/countries/argentina_brazil) (accessed 15 Dec 2013).

23 | Jorge Oviedo, "Se va del país la brasileña Vale y despide a 6000 empleados en forma inmediata", *La Nación*, 13 Mar 2013, <http://lanacion.com.ar/1562632> (accessed 10 Dec 2013).

24 | "Mais prejuízos impostos pelo 'risco Argentina'", *O Globo*, 13 Mar 2013, <http://oglobo.globo.com/opiniaao/m-7819195> (accessed 10 Dec 2013).

25 | Martín Dinatale, "Otra foto del Mercosur resquebrajado", 6 Nov 2013, <http://lanacion.com.ar/1635746> (accessed 10 Dec 2013).

in January 2014. In any event, the Argentine government sees their country less as an economic power in Mercosur than as a political giant in an ideological club of the same name. This club wanted to hold its first simultaneous elections for its parliamentarians in all its member states in 2014. But when the deputies met again in early December 2013 after a two-and-a-half year break, they immediately began discussing an alternative: whether it would be better to postpone the transnational vote to 2020.<sup>26</sup>

In fact, currently almost no one is focussing on Mercosur, once a pioneer of integration. One of its founding fathers, former Uruguayan President and current Senator Luis Alberto Lacalle, says the alliance “practically no longer exists”.<sup>27</sup> He sees only two options: “Either we start over with Mercosur from scratch or we declare it dead.”<sup>28</sup> Former Brazilian Foreign Minister Luis Felipe Lampreia says that Mercosur today is “a political front” whose protectionist tendencies contradict its original principles.<sup>29</sup> Paradoxically, herein lies the reason the trade bloc is still alive: Argentina and Venezuela have slow-growing and state-controlled economies and their governments “flirt with self-sufficiency”.<sup>30</sup> Thanks to the Mercosur trade agreement, this is a lucrative market for Brazil’s export economy. The Brazilian balance of trade with its Mercosur partners clearly demonstrates this: more than a quarter of all products and services Argentina imports come from Brazil.<sup>31</sup>

26 | “PARLASUR vuelve a sesionar y elige autoridades”, Mercosur, [http://parlamentodelmercosur.org/innovaportal/v/8031/1/parlasur/parlasur\\_vuelve\\_a\\_sesionar\\_y\\_elige\\_autoridades.html](http://parlamentodelmercosur.org/innovaportal/v/8031/1/parlasur/parlasur_vuelve_a_sesionar_y_elige_autoridades.html) (accessed 10 Dec 2013).

27 | “Lacalle: Mercosur, Argentina y gobernantes”, *La República*, 13 Sep 2013, <http://republica.com.uy/lacalle-mercosur-argentina-y-gobernantes> (accessed 11 Dec 2013).

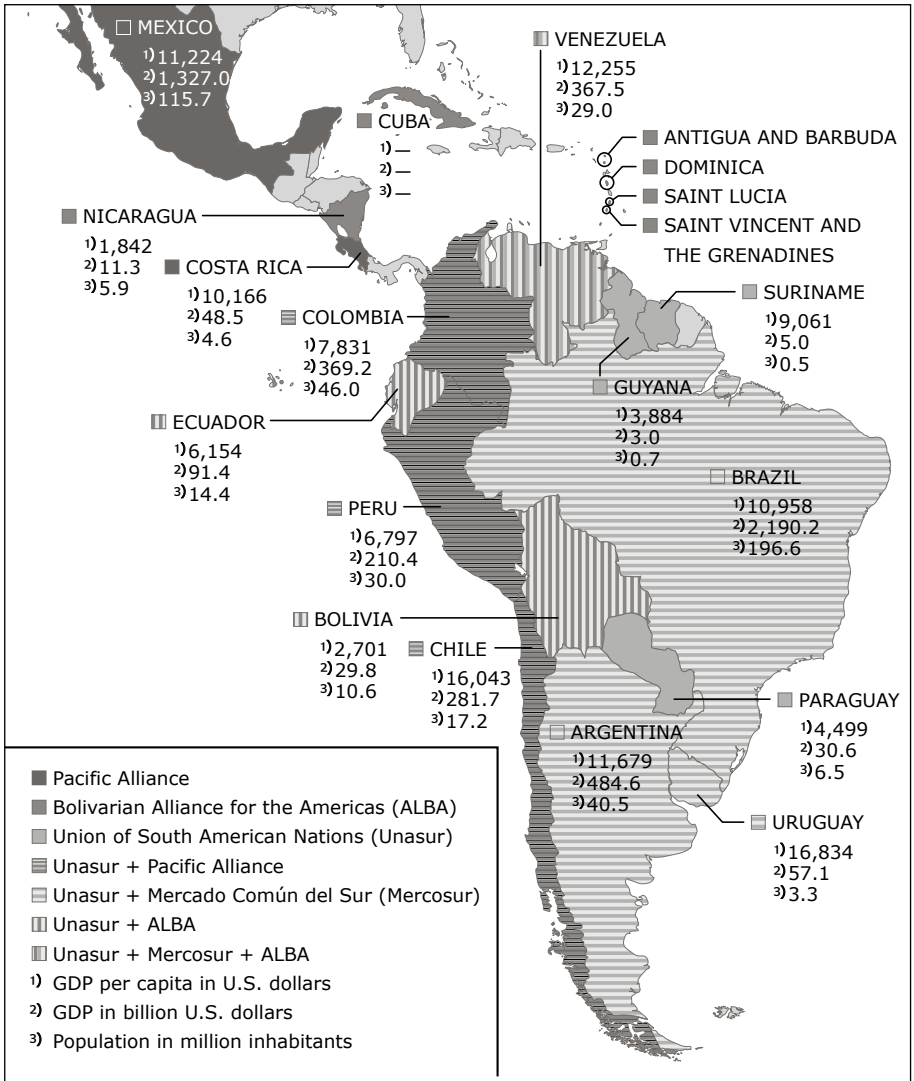
28 | Kristin Wesemann, “Cátedra Konrad Adenauer 2013”, KAS Argentina, 12 Jun 2013, <http://kas.de/argentinien/de/publications/34688> (accessed 10 Dec 2013).

29 | “A continental divide”, *The Economist*, 16 May 2013, <http://economist.com/news/americas/21578056-region-falling-behind-two-alternative-blocks-market-led-pacific-alliance-and> (accessed 10 Dec 2013).

30 | Ibid.

31 | “Dados básicos e principais indicadores econômico-comerciais. Venezuela”, Brazilian Ministry of External Relations, Brasil Global Net, Aug 2013, <http://www.brasilglobalnet.gov.br/ARQUIVOS/IndicadoresEconomicos/INDVenezuela.pdf> (accessed 10 Dec 2013).

Fig. 2  
**Latin American states with one or more alliance memberships**



Source: Own presentation. Data GDP: Estimates 2013. "World Economic Outlook Database", International Monetary Fund (IMF), Oct 2013, <http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/index.aspx> (accessed 28 Jan 2014). Data population: IMF, 2011. There are no data available for Cuba. Paraguay was suspended from Mercosur in 2012.

While Montevideo, Brasília and Asunción are at the very least not on great speaking terms with Argentina, Caracas and Buenos Aires remain the best of friends. It is unclear just how long this will last. The political situation in Argentina has changed. Argentinian followers of Chávismo and the Bolivarian revolution tended to be the losers in the parliamentary elections held on 27 October 2013.<sup>32</sup> The opposition received a total of 67 per cent, running on clear domestic issues such as inflation and corruption. The government barely manages to set the political agenda; rather, it is pushed along and can merely respond. At the moment, their vision is not apparent. To some extent, Argentina has broken away from Venezuela, probably because Chávez's successor, Maduro, is a less charismatic figure. This is supported by an almost incredible process that has recently become public: scarcely after he was sworn in, newly-appointed Cabinet Chief Jorge Milton

**It is possible that in Argentina an unexpected but highly desirable political change is looming: back to a kind of normality in its diplomatic relations with the rest of the world.**

Capitanich, a traditional Peronist from the Left, took down the pictures of Hugo Chávez his predecessor had left him. Néstor Kirchner also disappeared from the wall. The newspapers reported on it in a big way, even using the word "revolution".<sup>33</sup> Néstor Kirchner is not only the father figure for the government, but also for "Venezuelans". He sought out a close relationship with Chávez and came to scores of agreements with him. Perhaps it is even possible that in Argentina an unexpected but highly desirable political change is looming: back to a kind of normality in its diplomatic relations with the rest of the world, a much more sober and rational course than in previous years with a cooler relationship with Venezuela.

### **PACIFIC ALLIANCE: NO TO "MONOGAMY"**

The politicisation of Latin American alliances received a break when the Pacific Alliance was assembled in June 2012 and provided some initial reassurance: No, in no way do they want to distance themselves from the other

32 | Kristin Wesemann, "Ziemlich schlechte Freunde", KAS Argentina, 16 May 2013, <http://kas.de/argentinien/de/publications/34396> (accessed 16 Dec 2013).

33 | "Capitanich 'bajó los cuadros' y redecoró su despacho en la Jefatura de Gabinete", *Perfil*, 27 Nov 2013, <http://perfil.com/politica/-20131127-0035.html> (accessed 10 Dec 2013).



regional groups. None of its colleagues on the Atlantic side of the continent believed this. Morales of Bolivia acts as spokesman for common displeasure; he had already gained lasting experience in this area with the Bolivarian Alliance for the Americas (ALBA): in October 2013, he said this new alliance was a North American conspiracy to divide the entire region. The Pacific Alliance wanted the continent to submit to the Washington Consensus.<sup>34</sup> Argentina readily agreed. Ambassador Oscar Laborde, a former Communist, assessed the Pacific Alliance as “an instrument of the rights of the continent and the government of the United States”.<sup>35</sup> In fact, these already successful countries on the Pacific coast have understood that clear commitments to democracy, the rule of law and the market economy have a positive effect. Similarly impressive is the momentum the young alliance already has. The list of industrialised nations that have engaged in observer status and encouraged its establishment is long, ranging from Germany to the United States and France to Great Britain and Switzerland. “Unification without isolation” seems to be its formula and the Alliance is taking large steps toward other regions of the world, especially Asia.<sup>36</sup>

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It is pragmatic and powerful: its 207 million people account for a third of Latin America’s GDP. This has made an impact. Some Mercosur members have demonstrated just how much they would like to receive the association status among the competition. Paraguay’s new president, Horacio Cartes, does not attend Mercosur meetings and does not pay his respects to the leftist spokesmen in Buenos Aires and Caracas either; in his inaugural speech in the summer of 2013, he made no mention of the alliance at all. Shortly before his appointment he also explained: “In Mercosur,

34 | “Bolivian president claims US and Pacific Alliance conspiring to divide UNASUR”, *MercoPress*, 14 Oct 2013, <http://en.mercopress.com/2013/10/14/bolivian-president-claims-us-and-pacific-alliance-conspiring-to-divide-unasur> (accessed 15 Dec 2013).

35 | “El Mercosur marca distancias con la Alianza Pacífico”, *RFI*, 11 Jul 2013, <http://espanol.rfi.fr/americas/20130711-el-mercosur-marca-distancias-con-la-alianza-pacifico> (accessed 15 Dec 2013).

36 | Diego Telias, “La integración más allá de las ideologías”, *Análisis Latino*, CADAL, 30 Oct 2013, <http://analisislatino.com/notas.asp?id=6728> (accessed 15 Dec 2013).

there is neither legal certainty nor economic development”, and stated that it was at best a “politico-ideological Club”.<sup>37</sup> He now demands freedom of negotiation with other alliances and his colleague José Alberto “Pepe” Mujica is of a similar mindset. In July 2013 the Uruguayan had said his country was “not crazy” and would leave Mercosur.<sup>38</sup> He let his Vice President, Danilo Astori, announce their desire to enter the Pacific Alliance. Montevideo already has observer status and now wants to gain full membership as soon as possible.<sup>39</sup> For Uruguayan author and economics professor

**Laura Chinchilla, President of Costa Rica, the newest Pacific Alliance member, has said: “Enough with the ideologies, enough with the slogans, enough with looking for scapegoats.”**

Nicolás Albertoni, the Pacific Alliance and Mercosur represent two opposing ideas for integration: closed regionalism on the one side, open regionalism on the other. If Mercosur seals itself off from third parties, the Pacific Rim will seek an exchange. Laura Chinchilla, President of Costa Rica, the newest alliance member, has said: “Enough with the ideologies, enough with the slogans, enough with looking for scapegoats.”<sup>40</sup> Former Colombian Finance Minister Juan Carlos Echeverrey has expressed this somewhat more vividly: “Monogamy is good for a marriage but not for trade.”<sup>41</sup> A look at the numbers shows that the Pacific idea has so far worked better than the Atlantic one: while trade among Pacific Alliance members grew by 1.3 per cent in 2012, it fell by 9.4 per cent in Mercosur. Here the economy grew by five per cent, there by only 2.9 per cent.<sup>42</sup>

37 | Frederico Franco, “Paraguay afirma que el Mercosur es un ‘club ideológico – político’”, *EL País*, 11 Aug 2013, <http://elpais.com.uy/informacion/paraguay-mercursos-club-ideologico-politico.html> (accessed 15 Dec 2013).

38 | “José ‘Pepe’ Mujica: ‘De joven quería cambiar al mundo y ahora, la vereda de mi casa’”, 11 Jul 2013, <http://lanacion.com.ar/1600059> (accessed 15 Dec 2013).

39 | “Uruguay busca ser miembro de Alianza del Pacífico”, *El País*, <http://elpais.com.uy/economia/noticias/uruguay-busca-miembro-de-alianza.html> (accessed 15 Dec 2013).

40 | Andrés Oppenheimer, “Oppenheimer: Alianza del Pacífico vs. Mercosur”, *El Nuevo Herald*, 25 May 2013, <http://elnuevoherald.com/2013/05/25/1484436.html> (accessed 15 Dec 2013).

41 | “The Pacific players go to market”, *The Economist*, 7 Apr 2013, <http://economist.com/node/18529807> (accessed 15 Dec 2013).

42 | Andrés Oppenheimer, “La Alianza del Pacífico saca ventaja al Mercosur”, *La Nación*, 28 May 2013, <http://lanacion.com.ar/1586060> (accessed 15 Dec 2013).

## **CELAC: ORGANISATION WITH NO NEWS**

If we are to speak of Argentina's regional integration, we must also mention the Community of Latin American and Caribbean States (CELAC). Unlike Unasur, it is an alliance open to all. It only draws one geographical and political boundary on the continent – with North America. Its establishment in December 2011 brought along with it a pot-pourri of challenges and goals from which it seems every one of the 33 member states could choose. Former Venezuelan Foreign Minister Nicolás Maduro wanted a "zone of peace" where regional conflicts would be resolved while coordinating on trade and development organisation at the same time. For his former boss Hugo Chávez, its foundation was the "most important political event in our America for more than 100 years".<sup>43</sup> Ecuador's President Correa wants CELAC to replace the Organization of American States (and to leave Washington completely out of the picture). Chile, however, who was Chair in the first year, focussed on the "promotion of human rights and democracy"; Mexico followed, wanting to join CELAC to finally realise "Bolívar's dream of a united America".<sup>44</sup> Argentina and Brazil were in general agreement: the continent should use CELAC to respond to the global crisis and build Latin American economies through import substitutions.<sup>45</sup> And yes, on the international stage, it would now speak with one voice, as CELAC. Since its enthusiastic founding, the world has heard little news. The organisation's website is updated sparingly; the most recent press releases are from 2011.

One of the few opportunities to speak with one voice was CELAC and the European Union's joint summit in January 2013.<sup>46</sup> German Chancellor Angela Merkel and Spanish Prime Minister Mariano Rajoy had travelled to Santiago de

43 | "Peaks and troughs", *The Economist*, 24 Nov 2013, <http://economist.com/node/21540319> (accessed 10 Dec 2013).

44 | Mark Keller, "Latin American Leaders Converge to Form CELAC", *Americas Society / Council of the Americas (AS/COA)*, 2 Dec 2011, <http://as-coa.org/articles/latin-american-leaders-converge-form-celac> (accessed 10 Dec 2013).

45 | *Ibid.*

46 | Cf. Martin F. Meyer and Winfried Jung, "Economic and political relations between Europe and Latin America in advance of the 1<sup>st</sup> EU-CELAC summit in Chile", *KAS International Reports*, 12/2012, <http://kas.de/wf/en/33.33068> (accessed 30 Dec 2013).

Chile for the event, among others. They wanted to initiate the talks on a free trade area between the EU and Mercosur that have faltered since 1994. However, the Argentine President made a solo effort shortly after the start of the summit. She tweeted that negotiations should not take place on the basis of earlier discussions, that today's world is a different one. "We need to identify and analyse asymmetries so that it do not do any damage to our industries and peoples."<sup>47</sup> Since then, time seems to be standing still, even with CELAC. At any rate, this group of countries has not aided in finding a Latin American or Argentinian identity. CELAC is intended to show the world one thing: that Latin America is a confident region with independent democracies. But when Cuba's presidency was handed over to "81-year-old Raúl Castro, an unelected dictator and a living symbol of the Cold War",<sup>48</sup> it became clear just how insurmountable the disparity between claims and reality was.

#### **ORGANIZATION OF AMERICAN STATES: A RING ON THE FINGER**

The biggest surprise among the hemisphere's political circles, however, has been provided by the Organization of American States, founded in 1948, which includes all countries on the continent, even the United States and Canada.<sup>49</sup> It is a kind of continental security organisation that aims to strengthen democratisation and human rights.

**Today international drug policy is one of the priorities on the agenda. In contrast to most of the newer regional alliances in Latin America, OAS is more traditionally based around cooperation rather than integration.**

Initially conceived during the Cold War as a protective barrier against external threats, it later became a negotiating forum in disputes between member countries. Today international drug policy is one of the priorities on the agenda. In contrast to most of the newer regional alliances in Latin America, OAS is more traditionally based around cooperation rather than integration. Argentina is among the United States' closest allies; former president Menem pushed for inseparable relations. If Néstor Kirchner

47 | N. 4.

48 | "Past and Future", *The Economist*, 31 Jan 2013, <http://economist.com/news/americas/21571157-regions-anachronistic-new-face-past-and-future> (accessed 10 Dec 2013).

49 | Cuba does not participate.

is considered a pragmatic opponent of the U.S. – harsh words were rarely followed by deeds –, his wife has come to the conclusion that their country can get by just fine without committing to Washington. Trade relations have thus far hardly suffered.<sup>50</sup>

The Argentinian government primarily uses the OAS as a stage to criticise the United States – its military policy in the Southern Hemisphere, their “neo-imperialist economic policies,” their anti-terrorism programmes or their international policy in general.<sup>51</sup> But Argentina could play a different role: that of an honest broker between north and south, which would lend the country a lot more weight. But Kirchner has no interest in this. This need not be the case. The President is controversial, even in her own camp, as was her husband. It is far from certain that she will have enough influence when her term is up in 2015 to suggest that her successor will follow her current course. And many who not only wish to succeed her but actually have the opportunity to do so have already set their sights on Washington and New York. Even the top Kirchnerist candidate in the parliamentary elections recuperated from his defeat in Miami and supplied the local press with beach photos. Miami is an important metaphor in the government’s communications strategy: it stands for the betrayal of the Argentine nation. Only non-Kirchnerists go to Miami – to get U.S. dollars (which are no longer available at home).

**It is far from certain that Kirchner will have enough influence when her term is up in 2015 to suggest that her successor will follow her current course.**

50 | Larry Rohter, “Argentina And the U.S. Grow Apart Over a Crisis”, *The New York Times*, 20 Jan 2002, <http://nytimes.com/2002/01/20/world/argentina-and-the-us-grow-apart-over-a-crisis.html> (accessed 16 Dec 2013).

51 | “El Mercosur Denuncia a EEUU por Espionaje ante la ONU”, *Los Andes*, 5 Aug 2013, <http://losandes.com.ar/notas/2013/8/5/mercosur-denuncia-eeuu-espionaje-ante-730287.asp> (accessed 16 Dec 2013); “Reunión del Consejo de Seguridad de la ONU: Palabras de la Presidenta de la Nación”, Argentine Republic, Presidencia de la Nación Argentina, 6 Aug 2013, <http://presidencia.gov.ar/discursos/26640> (accessed 16 Dec 2013); Michael Warren, “Cristina Fernandez, Argentina President, Challenges Critics in U.S.”, *The Huffington Post*, 24 Sep 2012, [http://huffingtonpost.com/2012/09/24/n\\_1909795.html](http://huffingtonpost.com/2012/09/24/n_1909795.html) (accessed 16 Dec 2013); “Duro Rechazo de Cristina Kirchner al Plan de Barack Obama para Atacar al Régimen de Siria”, *La Nación*, 4 Sep 2013, <http://lanacion.com.ar/1616772> (accessed 16 Dec 2013).

Washington has barely commented on Argentina's odd foreign policy in recent years.<sup>52</sup> Secretary of State John Kerry's presence at the OAS on 18 November 2013, flanked by his Secretary of State for "interests of the hemisphere", Roberta Jacobson, was thus all the more surprising to many experienced diplomats in Buenos Aires. Kerry expressly named Argentina twice as a partner in the fight against climate change.<sup>53</sup> Kerry highlighted the OAS as the starting point on the way to continental unity; he made no mention of any other alliance. Environmental protection, food and energy security, better trade relations, democracy, the fight against poverty – all challenges for the OAS. Clearly yet without expressly saying so, Kerry placed himself in opposition to the substantive and territorial fragmentation of the continent with all its alliances. Diplomat Petrella said that, with his words, the Americans put a "ring on [Argentina's] finger".<sup>54</sup>

Geographically, it already seems likely that Buenos Aires has no interest in political or economic dismantling of the hemisphere. Petrella advises looking at a map of the world and asking: where is Argentina? Out of all the countries in the world it has the furthest distance to traverse to reach the industrialised countries in North America, Europe and Asia. And the desire to establish the Panama Canal as a geographical-political line will not lead any further because Argentina has traditionally been very present, especially in Central America. It is simply irresponsible to believe a country could develop and grow on its own.

52 | See also: Wesemann, n. 32.

53 | John Kerry, "Remarks on U.S. Policy in the Western Hemisphere", U.S. Department of State, 18 Nov 2013, <http://state.gov/secretary/remarks/2013/11/217680.htm> (accessed 16 Dec 2013).

54 | Fernando Petrella, "John Kerry, la OEA y la Argentina", Infobae, 18 Dec 2013, <http://opinion.infobae.com/fernando-petrella/2013/12/18/john-kerry-la-oea-y-la-argentina> (accessed 18 Dec 2013).