



Reshaping Regionalism and Regional Cooperation in South America

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Introduction

Latin American foreign policies were for long shaped by the leadership of the United States and the needs of its economic and security agendas. Together with former communist states, Latin America lived at the center of the neoliberal revolution. For most of the continent neoliberal policies were carried out through the acceptance of trade-led regionalism and the Free Trade Area of the Americas (FTAA). Foreign policy was made to fit economic strategies. The transition was far from smooth with hiccups here and there. But as soon as the new century opened, important loci of resistance gathered momentum. The fall of President Fernando de la Rúa in Argentina in December 2001 is the iconic moment of this backlash against politics and politicians associated with the failures of neoliberal adjustment policies, encapsulated in the chant, “Que se vayan todos, que no quede ni uno solo” (Arditti, 2008: 57). The Guerra del Agua in Cochabamba, Bolivia,

in 2000, the resistance to the construction of the new international airport of Mexico City in 2002 or the Guerra del Gas in Bolivia in 2002-2003 are part of the long etcetera of cases like these that turned the tide (Hershberg and Rosen, 2006). What is noteworthy is that in all of them, the resistance to neoliberalism converges with efforts to move beyond the liberal framework of participation which had been captured by the new left governments ushered in at that point. If in the 1990s, the right dictated the parameters of the center, after the 2002 the left became the new center. The cognitive shift includes strengthening the state to regulate markets and curb the excesses of privatization (particularly in the case of water, energy, and communications), increasing social expenditures, examining the policy guidelines of the IMF with a critical eye and rejecting them when considered detrimental, politicizing questions of cultural and ethnical exclusion, and experimenting with new participatory channels that deepen the liberal format of politics or step outside it. Several governments moved to free themselves of direct oversight from the IMF by early repayment of loans. In December 2005, Argentina and Brazil announced that they would pay off \$9.8 billion and \$15.5 billion respectively. Uruguay, Panama, Ecuador and Venezuela followed suit. In 2006 Ecuador ended the operating contract with US oil company, Occidental Petroleum. A year later President Rafael Correa ordered the expulsion of the World Bank's representative in the country. The rejection of external oversight was coupled with social mobilization, a new focus on empowerment of indigenous people, and the call to enact solidarity on a regional scale. Whatever one's views, South America became a ready platform for the re-ignition of regionalism incorporating the normative dimensions of a new era moving beyond (or perhaps around) American-led patterns of trade integration. They can only be dismissed as passing because everything passes sooner or later.

I argue that alternative institutional structures and cooperation projects are, although embryonic, part of a complex set of alternative ideas and motivations affecting politics and policies across the region. In what ways can we genuinely discern new forms of regional governance at a time when trade has ceased to be the all-time glue? What does this post trade regime look like? These processes cannot simply be seen as ad hoc subregional responses to the string of crises of neoliberalism and the step back of the US from the frontline in the hemisphere, but rather,

I argue, as visible manifestation of a re-politicization of the region giving birth to new polities or regional projects in which states, social movements and leaders interact and construct new understandings of what the regional space might offer. My focus is on South America as this is an area where contestation and even counter-hegemonic processes of importance have been taking place at the level of the state and region. (Escobar 2010: 2). In the first section I bring to the fore the changed global scenario that has exponentially amplified the room to manoeuvre and allowed distance from the mandates of the Washington Consensus. In the second section I describe the variety of initiatives that cut across the region. In the subsequent sections I analyse and contrast the ALBA initiative and the Union of South American Nations. Finally some conclusions are offered. By looking at a set of new foundational ideas and institutions, from new continental redefinitions under UNASUR and ALBA to re-territorialized management of natural resources, defence and currency and payments arrangements, I ask how these steps are reshaping regional cooperation and what they mean for the way we understand regionalism as expanding away from erstwhile trade integration.

1. Commodity Booms and New Partners

South America grew at a rate of 6 to 7 percent between 2003 and 2008 when the global crisis erupted. China in particular boosted demand for the region's energy and commodities. In 2010 Brazil displaced France and the United Kingdom as the world's fifth largest economy. In many countries the accumulation of reserves during boom years allowed the governments to enact countercyclical policies to cushion the impact of the global recession. South American countries pride themselves on having been "last in, first out," of the economic downturn. The awareness of living in a "golden age" (and the need to capture the benefits) has shaken up political alliances as well as undermined the foundations of the US - led pan American regionalism of the 1990s.

South America is characterized by a vast availability of natural resources. A net energy exporter, the region can play a relevant role in the area of global energy security. Yet all countries cannot guarantee adequate energy security. Energy rationing and governance conflicts are

commonplace. Hence hydrocarbons policy is often a central component of the economic policy. In the 1990s South America adopted the market approach to promote regional energy integration.¹ In the first decade of the twenty-first century, escalating oil prices brought raised awareness that the terms were unfavourable to government. Governments and state firms began to take on a more central role in the pursuit of energy integration; supply security became a pillar of geopolitical policy and the ambition of state led integration.

While a sense of urgency drives governments, the governance of natural resources has also been at the root of activism and multiple popular protests such as the Guerra del Agua or the Guerra del Gas. The advent of left leaning governments in South America in the last decade gave environmental and social movements the hope that there would be reconsideration of unfavorable contracts signed in the neoliberal era with mining, energy and mineral companies. Venezuela, Bolivia, Ecuador as well as Paraguay (massive provider of hydroelectricity to Brazil and Argentina) have renegotiated contracts and in some cases nationalized companies as well, taking advantage of the new conjuncture opened by the commodity boom. Escalating prices made it possible to identify large hydrocarbon resources in the Brazilian continental shelf. Traditionally a net energy importer, Brazil should become a substantial exporter by 2020. Brazil's state-controlled oil company Petrobras, the world's fourth largest corporation (trailing only ExxonMobil, Apple, and PetroChina), is a world pioneer on issues of biofuels, alternative energy and innovation. Petrobras has embarked on a vast oil exploration program. Petrobras, for instance, in 2006 announced the largest profits in Latin American business history, at \$11.2 billion. Getting natural gas from Venezuela to Brazil and converting cars from petrol to natural gas, thus freeing up oil for export, is a plan that many covet.

The link between extractive industries and regionalism is also manifest in the growing number of bilateral treaties springing between countries which, in one way or another, facilitate production, transportation and exports. These treaties enable territorial integration with the construction of physical infrastructure (roads, bridges and hydroways) that connect production sites with urban centres and sea ports from where resources can be exported. Resource-driven integration is seen with bilateral mining treaties. These mark a new generation of

approaches to integration by encouraging bi-national projects along national borders.²

The key question however is whether leaders can muster the mutual trust and commitment to rely on the region to meet electricity needs. Argentina in particular is keen to speed up regional energy integration in order to take advantage of the potential for bilateral hydroelectric projects with Brazil and Paraguay to avoid looming shortages. The largest contributions to hydroelectricity are expected from binational works such as Panambí, Corpus and Garabí. There seems to be clear interest by the private sector, given the favourable bidding conditions. In fact, important national groups in the field of turbine construction such as Argentina's Industrias Metalúrgicas Pescarmona, or cement industries such as Brazil's Odebrecht, associated to Cartellone (Argentina), are participating in these bids, offering amounts well above the minimum. The Brazilian state owned bank BNDES could supply some of the financing.

Venezuela and Colombia also struggle on similar grounds. Despite their ideological differences and recurrent political flare-ups in November 24, 2005, former presidents Chavez and Uribe signed a major agreement for a joint natural-gas pipeline project. The 215km pipeline is designed first to take natural gas from Colombia to Venezuela's Paraguana refinery complex. It is expected that after seven years, Colombia's natural gas resources will be depleted, at which point the flow of gas will be reversed and Venezuelan natural gas will flow to Colombia. Gas is only a start. Venezuelan ports are limited to the Atlantic, but Colombia borders both the Atlantic and the Pacific oceans. The pipeline is meant to be part of a wider ambition to send oil from Venezuela to the Pacific so that it can be transported to Asia. So despite ideological conflicts Venezuela has every incentive to cultivate non acrimonious relations with Colombia. In fact Copetrol, the Colombian state owned company, announced the resumption of oil purchases from PDVSA in March 2011. The opening to Asia is absolutely critical for Venezuela. The US is the biggest customer for Venezuela's vast oil exports. But the US is also that country's most despised enemy. If Venezuela can create an alternative market for its oil in the rapidly growing economies of Asia —particularly China and India— it hopes to free itself from dependence on US purchases.

Progress can hardly be described as successful on these fronts but ambitions continue to run high. Barely a year after the 2005 Colombian-Venezuela agreement, the presidents of Argentina, Brazil, and Venezuela jointly announced plans for a massive 8,000km natural gas pipeline that would go through the Amazon and the environmentally sensitive rainforests of South America's interior, to transport Venezuelan natural gas principally to Argentina and Brazil but also linking Bolivia, Paraguay, and Uruguay. Venezuela's side of the deal was clear—selling vast quantities of natural gas to new markets in Argentina and Brazil while facilitating increased exports of oil to China, accessing the Pacific shipping routes by the deal with Colombia. The grandiosity of the project caused it to be nicknamed “Hugo-ducto” at the time. Presently shelved given the rougher conditions of the Venezuelan economy, it would have encouraged the conversion of automobiles from petrol to natural gas in the two big economies, Argentina and Brazil, by making available vast quantities of natural gas.³

In that frenzied context it was the 2005 Summit of the Americas in Mar del Plata that actually signaled a turning point. George Bush was greeted with street demonstrations and hectoring in the summit deliberations. The demise of Free Trade Area of the Americas (FTAA) project symbolically marks the breakdown of the neoliberal hegemonic consensus in the region. The way had been paved for a number of linked steps in which politics and state instruments had acquired a renewed role in shaping regional dynamics. Despite the tensions and frequent conflicts on a number of issues, the mounting of fresh regional dynamics has seen unprecedented levels of consultation and coordination in the absence of the customary external marshal leading the pack. The inability of the US to impose its will on all the region and push through the FTAA indicated a nascent regional political economy, separate from Mexico and Central America resting on a number of initiatives, all related to the traction of export demand from new partners. These make extractive industries (oil, gas and mining) a key economic backbone of regional cooperation. Security concerns loom large. A number of countries in the region such as Brazil, Argentina, Bolivia, Venezuela and Uruguay increasingly fear that the greatest security threat may come from external powers given the competition for access to natural resources. The Brazilian armed forces presently depict a scenario of a US incursion in the Amazon and

the subsequent resistance to such invasion. And in Venezuela, as one might predict, a US military intervention has long been identified as a main defense threat. The construction of a new regionalism hinges on the need to articulate a consensus over such concerns as well as on the window of opportunity offered by the rise of new partners. The need to find avenues of cooperation over natural resource extraction and to ensure the flow of exports to Asia is the immediate background to the emergence of one of the new regional integration initiatives, the Union of South American Nations (UNASUR). Energy and the commodity boom overall inspire a fresh mindset whereby the state is brought in to regulate and pursue a different balance between states and markets.

The new balance of interests has injected a different flavor to the regional relations. The hallmark is the emergence of regional cooperation dynamics in new areas. Neither trade integration is the neither objective nor trade liberalization the main policy. Regionalism has gradually changed its focus, shifting from trade liberalization to a renewed emphasis on cooperation. The two main features of regional projects are thus the fact that they are political projects: “political” since state political actors are the drivers of cross-national cooperation; and “projects” because they involve an articulated idea of creating a region. In an altered context, content also changes.

2. Vying for Influence: Nascent Forms of Post-Hegemonic Region Building

Projects of regionalism change over time. Between the first attempt, the Latin American Free Trade Association in 1960, until the contemporary projects there have been radical changes of content and purpose. These changes allow us to identify three or even four different waves of regionalism (Dabène, 2012; Palestini, 2012) are related to equally profound changes of development models. If in the 1960s regional projects were embedded first within inward-looking industrialization (1950- 1970), then within a neoliberal and export-oriented model (1990-2000), and finally, during the last decade within models reaching out to the Pacific rim and attracted by the commodity bonanza. How do regional projects look in contemporary South America? While previous ties are maintained, though experiencing some institutional

changes, other projects have been launched on quite different grounds. Currently, South American regionalist projects can fall into four categories.

- Preexisting projects driven to increase intra-regional trade MERCOSUR and to some extent CAN.
- The Pacific Alliance comprised by Mexico, Chile, Colombia and Peru with an emphasis on global trade
- ALBA, a project led by Venezuela aimed at social and political cooperation through non-market mechanisms (redistribution, solidarity) and welfare commitments; composed in South America by Venezuela, Ecuador and Bolivia, plus Cuba and Nicaragua in Central America.
- UNASUR, a Brazil-inspired project aimed at building cooperation on geographical connection, defense, security, financial cooperation, health.

All regional projects are shaped by the ambitions of the different models adopted by their member-states with elements of both mutual denial and competition (Quiliconi, 2013). The Pacific Alliance is driven by strongly export oriented liberal market economies like Chile, Peru and Colombia. In the opposite extreme, ALBA is integrated by governments aiming at strong state intervention in the economy, re-nationalization of key economic sectors. An important common feature is that all of them have enhanced the scope of cooperation beyond trade and even beyond the economic realm as in the case of UNASUR and ALBA. They are also committed to increase both socio-economic development, as well as autonomy in the region vis-à-vis great powers, especially US. However, they differ in the mechanisms deployed to reach such goals: while MERCOSUR and CAN are legacies of trade integration, while the Pacific Alliance opens globally, ALBA rests on redistributive and solidarity mechanisms mainly financed by Venezuelan oil rents. UNASUR is more encompassing in terms of both countries and purposes. Notwithstanding their differences the latter two, ALBA and UNASUR can come together as efforts of post-hegemonic regionalism, emphasizing the discontinuity with the US led arrangements in the 1990s.

What is post-hegemonic regionalism? Three main features can be outlined. Post-hegemonic projects seek to extend the scope of regional cooperation beyond trade. Accordingly, new areas of regional cooperation have substituted trade as the integration area par excellence, like security and defense, energy, infrastructure and financial cooperation. A second characteristic is the re-politicization of regional cooperation in general. In fact, the state is central and regionalism is inserted within the new developmentalist agenda (Riggirozzi, 2012b; Serbin, 2012; Sanahuja, 2012). Finally, from an international relations perspective these initiatives are driven by the conscious search for greater autonomy on the international arena and in development policies, particularly in respect to the US.

UNASUR and ALBA reveal different aspects of the processes driving post hegemonic regional cooperation. They reflect the political alliances that are finding a way through the relative decline of the US, the emergence of China as a factor in the world economy. Never have the countries of South America reached so broadly beyond the hemisphere for commercial and political partners. The United States remains by far Latin America's largest trading partner. But once Mexico is factored out, the U.S. role is more limited. Asia—primarily but not exclusively China—is Latin America's second largest partner, overtaking the European Union. China has now surpassed the United States as the top export destination for Brazil, Chile and Peru; it is the second destination for many others.

ALBA reflects the association of mass movements with Venezuela's oil riches. Such mass movement had led to factory occupations in Argentina and Venezuela, land occupations in Bolivia, Venezuela and Brazil, water and gas conflicts in Bolivia and Peru, massive resistance to the FTAA and the election of left-leaning governments throughout the region. ALBA reflects these mass pressures—sometimes in contradictory ways, but reflects them nonetheless. UNASUR was key in offsetting attempts to destabilise democratic order in Bolivia and Ecuador, and in mediating in conflicts between Colombia, Ecuador and Venezuela. It also adopted a common position to support Argentina's demands of UK compliance with UN resolutions over the Malvinas/Falkland Islands dispute; cooperation over the earthquake in Haiti; condemnation of the coup in Honduras with subsequent diplomatic

actions to isolate the illegitimate government in international fora. Given the ideological split between more the left leaning and the more neoliberal governments this is quite an achievement which points in the direction of a nascent political community, not devoid of conflict. UNASUR's immediate and forceful reaction in the face of the police forces uprising that jeopardized the government of President Correa in early October 2010 showed how closely the countries had come together, a reaction that was shared by friends and foes alike. President Alan Garcia of Peru closed the shared border as soon as he heard about the uprising. Juan Manuel Santos, of Colombia —a country with whom Ecuador has not yet resumed diplomatic relations was also quick to express his support and both joined their counterparts in the presidential summit held in Buenos Aires to consider the uprising as a matter of regional relevance. Two weeks later the presidents flew to Buenos Aires again for the funeral of Nestor Kirchner. Lula, Chavez, Mujica but also Piñera, Santos and Alan Garcia huddled together over and above political differences. Despite festering differences, collective presidentialism was giving signs of solidarity ready to ensure stability at times of uncertainty.

3. Alba: Lucky Handouts from Oil Riches

The plan for the Bolivarian Alternative for Our America (ALBA to use the Spanish acronym) was first announced at the Third Summit of the Association of Caribbean States, in 2001. In 2005 it was renamed as Bolivarian Alliance, as means of indicating the progress made both in number of members and the programs in progress. ALBA means “dawn” in Spanish, an allegory that former President Chavez of Venezuela constantly alluded to in his rhetoric, as in “the dawn of the new era”, a point in time when the region should cease to be the servant of “imperialism and national oligarchies”. ALBA drew its initial motivations from the widespread resistance of civil society to the FTAA that had swept the continent through the 1990s.

The rapprochement between the social movements that had grouped together as the Hemispheric Social Alliance (HSA) and Chávez was first made clear at the Third Summit of the Americas in Québec en 2001. The Venezuelan delegation at that point picked up many of the

banners of the Alliance and firmly opposed the commitment to close the FTAA by January 2005, widely seen then as a public wink to the campaigners. The more formal and full engagement with the HSA (Saguier, 2012) occurred after the 2002 thwarted coup attempt against him. The outright blessing of President Bush to the coup fuelled the anger of many social movements against the long and heavy hand of the US. At the same time, Chavez became painfully aware that it was necessary to build international legitimacy for his regime. After winning the 2004 recall referendum, in which he was able to fetch 58 percent of the vote, a new phase of foreign policy was inaugurated with an outward push for the construction of strategic alliances as a network of support for the Venezuelan revolution. (Tussie 2010). Chávez's belligerent attacks on the United States escalated noticeably as from that point. He accused the United States of plotting to kill him, conspiring to overthrow him, placing spies inside the state oil company *Petroleos de Venezuela Sociedad Anonima* (PDVSA), planning to invade Venezuela and terrorizing the world at large.

ALBA's goals were announced publicly in August 2003, at the meeting of the Latin American Integration Association very much in line with the proposals that the HSA had flagged in its platform *Alternativas para las Américas*⁴ in December 2002: the need for the extension of social and economic rights, a regional financial architecture to include a bank and a common currency, agreements to foster food security, cooperatives; the protection of property rights over national resources. In this context, ALBA was flagged as anti-neoliberal model for regional integration of the people, antithetical to the FTAA with its emphasis on social issues, solidarity and cooperation for the provision of public services. Trying to put in motion a socially-oriented alliance, Venezuela transferred massive resources to reach the people with health and education missions.

Cuba and Venezuela were the first to sign the constitutional agreement in December 2004, clearly marking the building of a front against the United States. The agreement set a framework for cooperation between both countries whereby Venezuela would provide preferentially priced oil in return for a variety of in-kind resources, including health care personnel and education programs. The document used language not usually associated with bilateral trade deals. The two countries

agreed to work together to eliminate illiteracy. Cuba offered, as part of the trade deal, 2,000 university scholarships a year to Venezuelan students and the support of more than 15,000 medical professionals for medical care.

ALBA's membership has grown from the original core to Dominica, Saint Vincent and the Grenadines, and Antigua and Barbuda. Bolivia formally joined in April 30, 2006 after the election of Evo Morales. In January 2007 Daniel Ortega as soon as inaugurated added Nicaragua to the grouping. Six months before the coup that ousted President Zelaya in 2009, Honduras had also become a member, a move that was swiftly reversed by the new government in January 2010. Ecuador was somewhat of a latecomer. For some time President Correa claimed that being oil exporting country, Ecuador did not actually have much to gain. However, in fear of the repercussions of the global financial crisis Ecuador changed its five year observer status to full membership,⁵ soon after the Fifth Summit of the Americas in early 2009, and on the occasion of the setting up of the regional payments system, the SUCRE, to which Correa attached great importance. With the entry of Bolivia and Ecuador, from looking north to the Caribbean, ALBA was able to spread south, at least for a time. The slowdown of the Venezuelan economy, rampant inflation, power rationing, the outburst of street violence and a more clouded future after the death of Chavez in late 2012 have put a brake on the project, but its mere presence clearly inspired the shaping of the Pacific Alliance in 2011 as an offsetting economic alliance.

Membership in ALBA never excluded continued participating in whatever trade agreements countries wished. All ALBA countries remained part of various integration processes. Moreover, no country has broken ties with the United States, despite the constant demonization of the United States. Nicaragua, for one, under Daniel Ortega is still a part of the Central America Free Trade Agreement-Dominican Republic agreement with the US. But in trying to build the space for an independent foreign policy members are considerably more scrupulous and jealous. They are all keen supporters of the creation of a political community, either as expressed in UNASUR or in the wider Community of Latin American and Caribbean States. ALBA's most prominent attraction was the establishment of an energy cooperation

agreement on offer to Caribbean countries. Chavez proposed the creation of Petrocaribe in late 2005 to enable soft and easy terms for the purchase of Venezuelan oil. To trail the oil price, countries are eligible to borrow a greater portion of the total cost—from 5% if oil falls below US\$20 a barrel, to a maximum of 50% if oil prices top \$150 a barrel. In addition, loans can be repaid over a period of 17 to 25 years at an interest rate frozen at 1%. Countries also have the option of state-to-state barter agreements, paying for petrol with sugar, coffee, bananas, milk or services.⁶ By far, this is the most important mechanism used by ALBA⁷ and its foremost lure. Eighteen countries joined Petrocaribe. Its bounties have been copious. According to Corrales (2009) Petrocaribe represented an annual subsidy of \$1.7 billion and puts Venezuelan aid on par with Organization for Economic Cooperation and Development (OECD) countries such as Australia, Belgium, Denmark, Norway, Portugal, Spain, and Switzerland. Some estimates suggest that the total is as large in real terms as the Marshall Plan after World War II. According to the International Monetary Fund, (Altmann, 2009) in such countries as Guyana, Jamaica, and Nicaragua, financing from Petrocaribe represents 5 or 6 percent of the GDP, a magnitude that enables these countries to displace the IMF as sole provider of balance of payments support. According to former President Oscar Arias, who claimed that Venezuela had daily inflows of US\$350 million, the amount is 4 to 5 times the support provided by the US⁸. “Eso le permite a su presidente ser muy generoso con mucha gente”, a generosity that Arias had found hard to refuse. Costa Rica, though not a member of ALBA, joined PetroCaribe arguing that finance came without any strings attached. It was a central glue of regional cooperation.

The second lure of ALBA, one that might prove to be more sustainable than low priced petrol, has been reaching out to the people. Chavez’s innovation was to make social power the centerpiece of foreign policy and to spend so much of his budget on it, almost 23% of the country’s fiscal resources, amounting to over US\$33 billion over the ten-year period from 1999 to 2008. Venezuela’s social spending abroad opened to a diverse portfolio of projects that include education and basic health services, medical equipment donations to Nicaragua; heating oil subsidies to more than 1 million U.S. consumers; \$20 million to Haiti for investments in education, health care and housing. Operacion Milagros provided free eye surgery in a host of countries. In Bolivia

alone 500,000 operations were carried out. This has been an important step to reach the hearts and minds of the people, showcasing the aim of fighting poverty and social exclusion above those of expanded free trade and commerce. Few other countries have utilized "social power" (Corrales, 2009) to the same degree.

ALBA has also laid out a number of stepping stones to attract the support of prominent intellectuals in the regional critical tradition. To counter the power of the media conglomerates ALBA promoted a public telecommunications network, TELESUR, that broadcasts throughout the region and also produces programmes and that are sold to other networks. The news agenda is led by a board of directors with the aid of an advisory council composed of leading Latin American intellectuals and activists, such as Nobel Prize-winning human rights activist Adolfo Perez Esquivel and Eduardo Galeano, author of *The Open Veins of Latin America*, an emblematic book that Chavez flamboyantly handed out to Obama at the Fifth Summit of the Americas in Trinidad and Tobago in 2009. The network carries no commercial advertising. Currently Bolivia, Cuba, Ecuador, Nicaragua and Venezuela, as well as Argentina and Uruguay (not full ALBA members) participate in the project putting out a 24-hour mix of news, documentaries and films. Most of the money for Telesur still comes from Venezuela. But the governments of Argentina, Uruguay and Cuba are also backing it. Talks with Brazil are stalled, partly because the government has been trying to get its own continental TV project off the ground and going.

Lying somewhere in between these two types of incentives reaching out generously to both minds and pockets are the so-called "grannacional" projects. These are intergovernmental initiatives to improve education, tourism, and the provision of medical services, much along the lines of the Misiones projects in Venezuela. In these areas, Cuban know-how has been put to use and the projects have offered basic educational skills and primary health services to low-income populations. In addition, grannacional companies aim to promote state owned multinationals for the production, sale, and distribution of goods. Major projects cover the areas of finance, education, infrastructure, science and technology, food, energy, environment, health, mining, fair trade, tourism, industry, culture, and communications. The Banco de

ALBA was set up in 2009 among Bolivia, Cuba and Nicaragua with an initial subscription of US 1.35 bn. The primary purpose of the Bank had been to finance the transnational projects in the pipeline. But the Bank came to a virtual standstill when the president, Rafael Isea, fled to Miami after severe corruption charges that came into the open soon in the aftermath of Chavez's death.⁹

All these steps had reaped rewards for some time. While Chavez brought together countries on a political and ideological alliance, ALBA became a force to be reckoned with. The non-ratification of the final declaration of the Fifth Summit of the Americas in April 2009 illustrates the point. ALBA members at the time (Venezuela, Cuba, Dominica, Honduras, Bolivia, Nicaragua, and Saint Vincent – Grenadines) refused to sign the final statement. Ecuador (not a member at the time) and Paraguay also added their opposition to the declaration. They argued that the document was far from satisfactory because it did not offer adequate responses to the international financial crisis and because of the “unjustified exclusion” of Cuba from the Summit. In fact, ALBA may have represented one of Cuba's greatest triumphs. Cuba has clearly emerged as a symbol of Washington's imperial disdain. An indication of these changed times is the high profile that Cuba attained in both the Summit of the Americas in 2009 and 2012 most countries then demanding the inclusion of Cuba and a thorough rethinking of hemispheric affairs.

4. UNASUR: Subtle and Not-so-subtle Cooperation

UNASUR came into being at the First South American Energy Summit, held at Margarita, Venezuela in April 2007 by when the commodity boom had enjoyed a four year time span and new regional security threats were clouding the horizon. In mid-2008, the Andean and MERCOSUR countries, plus Chile, Guyana and Suriname, concluded the Constitutive Treaty of UNASUR, also an ambitious project for cooperation in the political, economic, financial, social, cultural, energy and infrastructure sectors. According to the preamble of the Treaty, UNASUR aims to eliminate socio-economic inequality, achieve social inclusion and civil-society participation, strengthen democracy and reduce asymmetries (Article 3 of the South American Union of Nations

Constitutive Treaty lists 21 specific objectives). It was agreed to establish the headquarters of the General Secretariat in Quito, and rotate the Pro Tempore Presidency among all the Member States for one-year periods, with the first year falling on Chile. The first Secretary General, Nestor Kirchner, was elected in May 2010 for two year period. Upon his death barely 5 months later, agreement was reached to appoint Maria Emma Mejia of Colombia and Ali Rodriguez of Venezuela for a one year period each. The establishment of a Secretariat and the appointment of the Secretary-General with a technical team remain pending. A degree of frustration at South American experiences of integration is part of the legacy that UNASUR inherits, although its very creation reflects new needs. It is telling, however, that the Treaty discards any reference to free trade areas, customs unions or convergence of existing trade agreements in South America. Such castoff is the more remarkable, considering that the idea of a South American free trade area resulting from the convergence of the Andean Community and Mercosur had been in the offing all during the negotiations of the FTAA (Burgess, 2007). With this in mind, President Fernando Henrique Cardoso had convened a Summit of Presidents of Mercosur and the Andean Community in Brasilia in September 2000. Chile, an associated member of Mercosur, Guyana and Surinam, members of the Amazon Cooperation Treaty, were also invited to this summit. Cardoso's idea was to cordon off the FTAA but, instead of emphasizing exclusively on trade issues he proposed a wider development agenda (Bizzozero, 2003, 132). By doing so, Cardoso intended opposing a home grown South American agenda to the US led FTAA agenda which could thrive from investments in infrastructure, telecommunications and border development. The issue that gained acceptance, thanks to the drive of the large business conglomerates was infrastructure. Thus the Initiative for Integration of the Regional Infrastructure of South America (IIRSA) was conceived as an extended network of technical bodies that in practice came under the technical support and leadership of the IDB for a period of 10 years. Given the interest of business, IIRSA was able to deliver a large portfolio of projects to be implemented over the decade distributed in 8 geographic axes of integration, most of them in the area of transport with few projects in the area of energy and practically nothing in telecoms.

After an early smooth ride, resistance to IIRSA emerged from a number of quarters. Not surprisingly Venezuela declined to participate

explicitly opposing IDB governance, the IIRSA goal of developing export-corridors and the strict financial criteria for selection of projects instead of the socially based criteria of the ALBA grannacionales. When Lula came to power he also wanted to make his mark and changed course, seeking to make the process more aligned with Brazilian business rather than technocratically led by the IDB. But, probably the main resistance came from social movements which were vocal critiques of IIRSA's neglect of environmental regulation, absence of participatory mechanisms, and the negative effects that some emblematic IIRSA projects- like the Paraná-Paraguay waterway and the Madeira River dam- were causing to indigenous communities. By 2008 a new consensus emerged, stating that infrastructure was still a priority, that IIRSA had been a good starting point but needed radical reform. For governments to take the driver's seat the contract with the IDB was left to expire and, instead, IIRSA was subsumed within the Planning Council of the nascent UNASUR. The Planning Council (COSIPLAN) soon had to create mechanisms and specific methodologies for environmental and participatory. But, probably the most important partnership is today with the Brazilian Bank of Economic and Social Development (BNDES) which has become in the last 7 years a fundamental financier of regional infrastructure projects for the expansion of Brazilian companies abroad.

Brazil, as the continent's newfound economic powerhouse, is the locus of much of UNASUR's momentum. There are also pressing material interests at stake for all the countries involved. Several countries hold the deep-rooted concern the preeminent security threat may come from competition for natural resources or protection of resources in the interest of global climate change (in Battaglino, 2012) These concerns loom large in Brazil while in Venezuela it is the fear of a US military intervention.

The 2007 Summit took account of the need to design a state-led strategy for energy integration. While energy integration still remains in the books as an act of faith there is more progress on the promotion of military cooperation, confidence and security building measures. The Colombian military incursion into Ecuadorian territory in March 2008; the deployment of troops and equipment in Colombian bases and the reactivation of the Fourth Fleet increased tensions in the

Andean region. Altogether the events raised serious concerns about the growing presence of the US Southern Command and heightened military expansion at a level that the region had not experienced since the Second World War (Battaglino, 2012).

The decision to launch the South American Defense Council (SDC) was adopted in Costa do Sauipe, Brazil during a special UNASUR summit in December 2008. The concern over the destabilizing effect of a spiral of militarization and heightened interstate tensions prompted Brazil to try and organize a collective response. The window of opportunity was the Colombian-Ecuadorian crisis in 2008 at which point Lula announced the proposal for the establishment of the CDS. Surprisingly the CDS found wide acceptance from inception. Only Peru and Colombia held off for a time and only later joined. The widespread acceptance of the CDS was not just evidence of Brazil's claim to leadership not allowing Chavez to occupy centre stage by himself, but also a demonstration of the Council's appeal to broader regional concerns. The SDC is neither a military alliance nor a defense organization. It aims to ensure a zone of peace free of nuclear weapons and other weapons of mass destruction; creating an independent identity for the region in defense matters; and reinforcing regional cooperation for the sovereign control of natural resources. It picked up steam first when the Colombian military bombed a FARC camp in Ecuador's territory in 2008, the subsequent border dispute between Venezuela and Colombia.

The Council is the first regional institution specializing in defense issues in South American history. It includes the implementation of measures that could limit extra-regional influence by virtue of providing self-organization of defense and building autonomous capacities for projecting security and peace. The Declaration of Santiago de Chile, in March 2009, states that the Council is a forum for consultation, cooperation and coordination on defense. The Council will cover defense policy; military cooperation, humanitarian actions and peace operations; industry and technology, and education and training. The latter led to the creation of a think tank, the South American Centre for Strategic Defense Studies to create a regional military doctrine and develop common mechanisms for transparency in defense policy and spending. Jointly these initiatives seek to "increase cooperation in

defense, promote the peaceful resolution of conflicts and coordinate the external defense of nations”.¹⁰ The objectives of the Council come under three main headings:

- Consolidation of South America as a peace zone. This refers to the need to reduce tensions in an environment of growing tensions, especially in the Andean region. The council contemplates different policies for the prevention of interstate conflicts and for security crisis management.
- Articulation of an understanding on South American defence. This seeks to establish a common ground from which to increase cooperation in view of disparate national defense policies. Such an understanding is meant to lay the ground to increase regional autonomy vis-à-vis wider hemispheric institutions such as the Organization of American States (OAS).
- Generation of a consensus in order to strengthen regional defence cooperation. This implies cooperation for the development of a regional defense industry which in the long term can help to reduce the dependence from external suppliers of weapons and technology. The 2012 Action Plan, for one, endorsed feasibility studies for a South American built basic training aircraft, led by Argentina; an unmanned aerial vehicle led by Brazil; the armoured vehicles “Gaucho” and “Guarani”; and further cooperation for the future Brazilian Embraer C-390 military transport aircraft.

Altogether these represent important developments and reflect well the ability of countries to cooperate in their long term interests, despite the disruptive short term pressures they face. It would be foolhardy, however, to conclude that little remains to be achieved. Progress must still be made to increase trust and reduce uncertainty about each other’s military capabilities and intentions and to eventually replace visions of competition and rivalry. The dynamics of political coordination developed within the framework of both UNASUR and the CSD have been fundamental in the resolution of various conflicts and crises. Political coordination includes urgent summons to presidential meetings for confronting crises and rapid deployment mechanisms so as not to fall foul of national constraints. This rapid deployment reaction came to the fore forcefully on the occasion of the agreement signed in August 2009 between Colombia and the United

States to allow the latter to establish military bases on Colombian soil. South American Presidents, defense, and foreign relations ministers, quickly canceled prior commitments and within days organized two consecutive meetings. The first, in Argentina included all the UNASUR presidents, the second in Ecuador, called the defense and foreign affairs ministers. This dynamic contributed not only to the de-escalation of the crisis, but also to the establishment of a precedent of consultation, discussion and negotiation. UNASUR and CSD intervention, specifically in the US-Colombia crisis, was critical for the release of the secret agreement between Colombia and the US. Neighboring nations were concerned that Colombian bases would be used as a platform for increasing US military control over the region. Colombia noted that the agreement was limited to its own territory and that it defends of the principles of nonintervention and the territorial integrity of each State.

Since the conduct of free and fair elections is an essential mechanism by which the roots of democracy can be strengthened in the region, an Electoral Council of UNASUR was created in 2011 to observe elections in member countries and report abuses. The Council sent its first observation mission to Guyana to oversee its November 2011 elections. In 2012 UNASUR was invited to to monitor the October 7 2012 presidential elections in Venezuela. To guard against repeated assaults on democracy, UNASUR has devised a rapid response mechanism it has deployed on a number of occasions to prevent non-democratic attempts at overthrowing democracy such as during the Bolivian crisis of August 2008, the Honduran coup in June 2009 and the and then in 2010 on the occasion of a police mutiny in Ecuador that held President Correa hostage. UNASUR then convened an emergency meeting in Argentina and adopted a democracy clause to the Constitutive Treaty, which affirmed the union's commitment for the preservation of democratic institutions and the rule of law. Despite these elements of a safety net a so-called parliamentary coup was hatched in Paraguay in June 2012, when the National Congress replaced the democratically elected President, Fernando Lugo with Federico Franco. Reacting strongly to this development, UNASUR immediately suspended Paraguay's membership and clarified that suspension would not be revoked until constitutional order and the rule of law are restored in Paraguay. Member states like Brazil,

Argentina and Uruguay also withdrew their ambassadors from Paraguay. Further, Ecuador suggested the closing of borders while Venezuela stopped oil supplies to Paraguay. However, economic sanctions were not imposed because of opposition from Argentina on humanitarian grounds.

All told, UNASUR's greatest potential lies in becoming a geo-economic union that can deliver a number of public goods, protection of democracy, physical infrastructure and collective security. Ideologically UNASUR is a versatile and even contradictory project embracing different discourses from different members. In contrast to ALBA, it is less dependent on the towering presence of a unique leader or record high oil revenues. In UNASUR there is no one political, ideological identity although there is a new ideological space in terms of building a region in a post hegemonic balance of power. Indeed, political differences within the region must not be used systematically to gauge the degree of strength or cohesiveness of UNASUR. On the contrary, diverse array of political persuasions allows it not be perceived as radical, dangerous, or irrelevant. A processes of regional socialization helps to transform social and political perceptions by creating a common language on the provision of public goods and by identifying those elements that are crucial for building a non-conflictive vision. through regular interactions and subtle forms of mutual influence (Barnett, and Finnemore, 1999). In the case of South America, a growing body of literature is bringing to the fore the growing importance of low politics, low intensity technical issues such as health, infrastructure, natural resources, (Palestini, 2012; Riggirozzi, 2012a; Riggirozzi and Tussie, 2012; Sanahuja, 2011). Dominant realist perspectives of international organizations focus on binding commitments as the litmus test of the utility they provide. Organizations that do not fit into the mold of binding mandates and sanctions tended to be looked down. The significance of subtler forms of activities, including norm-construction, influence, persuasion and socialization are dismissed. Yet other approaches now more common, such as constructivism focus on ideas, discourses and norms contain newer theoretical tools to analyse how regional institutions create cooperation as a central mission. The consolidation of regional institutions depends therefore on members' ability to strike a balance between political preferences which may not coincide and interests which require cooperation.

Conclusions

In a context where Washington is aloof, astray and caring for the strategic order in other quarters of the world, the opportunity to recapture the region for regional agendas has not been lost. The vacuum created by Washington's detachment also offers new opportunities for a fresh look at the increasingly rich and ambivalent relationships spanning the continent. The process has gone through phases of energetic expansion, of mere trend-following, controlled stalemate, disaggregation and reconfiguration as a result of the ups and downs of policies and changing conditions. These factors led to a leadership competition not only in terms of goals but also of the policies included and geographical reach. The analysis of competing projects consequently raises a number of interesting questions about the relationship between the erstwhile US ambition to lead a continent-wide project and the reactions to it. Of course, they are all fraught with tensions, pressures and rivalries. Taken together these constructions lead from the question of desirability to that of political sustainability. The extent to which these initiatives can consolidate centripetal resilient projects is still to be seen. Nevertheless, they need to be taken as part of valid transformative arrangements shaping new spaces for thinking and negotiating alternative models for political and social cooperation. Even if the region remains as ongoing project in ever changing shapes, it is a fundamental pillars national politics as contested and contesting results of given power relations.

While the ALBA process in a post Bolivarian phase faces hurdle after hurdle at the moment of writing, and the Pacific Alliance spreads its wings long and far, the quieter forms of cooperation under UNASUR may well march on less stridently. Regular summits are certainly part of a wider phenomenon, not a prerogative of UNASUR. As such they also tend to lose momentum, especially in competition with others springing up and taking up new directions. UNASUR may not cringe but may plateau once Lula and Chavez as leading trailblazers no longer drive the agenda- with their respective styles and respective ideas, in competition and cooperation but together ensuring followership and providing the necessary muscle and direction to the process. Will present leaders agree to continue in those footsteps? How much counterhegemony will they collectively tolerate and sustain? The

outcome of the crisis in Venezuela may soon give us pointers. The decision to send a delegation of foreign ministers to Venezuela places the ball firmly in UNASUR's court for a multilateral approach. But the delegation led by the foreign ministers of Brazil, Colombia and Ecuador does not yet seem to have been able to move the agenda for convening the government and the opposition for face-to-face negotiations, either by widening the existing dialogue or by creating a new forum in which such conversations can take place. Addressing the Venezuelan crisis in UNASUR may be difficult but it holds the incentive of putting a lid on the pressure from outsiders which are only likely to intensify the longer the violence continues. While President Maduro pushed for the crisis to be addressed by UNASUR precisely so as to avoid such meddling, for UNASUR to be seen as failing to end the violence in Venezuela would lead to a loss of credibility.

NOTES

1. The European firms then proposed that the countries in the region should adopt the EU Energy Charter, but it was rejected by South American countries, mostly because it would remove the dispute settlement process from the region itself.
2. Argentina and Chile, for example, share the largest worldwide binational open pit mining project of gold, silver, copper and other minerals in the Pascua Lama site in Andes mountains. Canada based Barrick Gold, the world's largest gold mining company, is developing the project.
3. Argentina already has the world's largest fleet of natural gas cars, Brazil the second largest.
4. <http://www.cptech.org/ip/ftaa/FTAAAlternativas2003S.pdf>, visited 22 March 2013
5. <http://www.hoy.com.ec/noticias-ecuador/alba-da-bienvenida-al-ecuador-354922.html>, visited 22 March, 2013
6. Antonio de la Cruz, <http://www.lapatilla.com/site/2013/05/23/antonio-de-la-cruz-la-debacle-de-pdvsa/> Accessed 18 April, 2014.

7. ALBA, “Petrocaribe y el combustible integrador”, “Petrocaribe is an energy cooperation agreement proposed by the Bolivarian Government of Venezuela, in order to address the issues regarding asymmetrical access to energy resources, through a new favorable exchange plan, equitable and fair to the Caribbean countries, the majority of them without state control over the supply of these resources.” <http://www.alternativabolivariana.org/modules.php?name=News&file=article&sid=3190>, visited 2013-03-24
8. Ibid.
9. <http://www.noticiasdel-litoral.com/?p=10450>, accessed 18 April 2014
10. Consejo de Defensa Sudamericano, Plan de Acción 2009-2010, en <http://www.cdsunasur.org/es/plan-de-accion/politicas-de-defensa>

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ABSTRACT

Reshaping Regionalism and Regional Cooperation in South America

This article revises the reshaping of regional cooperation in South America. In the first section I bring to the fore the changed global scenario that has exponentially amplified the room to manoeuvre and allowed distancing from the Washington Consensus. In the second section I describe the variety of initiatives that cut across the region. In the subsequent sections I analyse and contrast the ALBA initiative and the Union of South American Nations. Finally some conclusions are offered. By looking at a set of new foundational ideas and institutions, from new continental redefinitions under UNASUR and ALBA to re-territorialized management of natural resources, defence and currency and payments arrangements, I ask how these steps are reshaping regional cooperation and what they mean for the way we understand regionalism as expanding away from erstwhile trade integration.

RESUMEN

Reconfiguración del regionalismo y la cooperación regional en América del Sur

Este artículo analiza la reconfiguración de la cooperación regional en América del Sur. En la primera sección se pone en evidencia un escenario mundial cambiado que ha incrementado exponencialmente el espacio para maniobrar y ha permitido un distanciamiento del Consenso de Washington. En la segunda sección se describen las diversas iniciativas que atraviesan la región. En las secciones siguientes,

se hace un estudio y comparación de las iniciativas ALBA y UNASUR. Finalmente, se presentan algunas conclusiones. Mediante el análisis de una serie de nuevas ideas e instituciones fundacionales, que van desde nuevas redefiniciones continentales como UNASUR y ALBA hasta la gestión territorial de recursos naturales, defensa y acuerdos sobre divisas y pagos, la autora pregunta de qué manera estas iniciativas están reconfigurando la cooperación regional y cuál es su significado en relación con nuestro entendimiento del regionalismo como una expansión más allá de la antigua integración comercial.

SUMMARIO

Reconfiguração do regionalismo e a cooperação regional na América do Sul

Este artigo analisa a reconfiguração da cooperação regional na América do Sul. Na primeira seção, põe-se em relevância um cenário mundial transformado que fez crescer exponencialmente o espaço para manobras e permitiu um distanciamento do Consenso de Washington. Na segunda seção são descritas as diversas iniciativas presentes na região. Nas seções seguintes, faz-se um estudo comparativo das ações da ALBA e da Unasul. Finalmente, algumas conclusões são apresentadas. Mediante a análise de uma série de novas ideias e instituições fundacionais, que vão desde redefinições continentais como a Unasul e a ALBA até a gestão territorial de recursos naturais, defesa e acordos sobre divisas e pagamentos, a autora pergunta de que maneira estas iniciativas estão reconfigurando a cooperação regional e qual é seu significado em relação ao nosso entendimento do regionalismo como uma expansão que vai além da antiga integração comercial.

