

Note d'analyse n° 3

The role of Ecuador in South American regionalism under Correa

Janvier 2016

Par Giovanni Agostinis (Sciences Po / CERI)

The government of Ecuador under President Rafael Correa (2007-today) has become a relevant actor in several regional cooperation and integration processes that are taking place in Latin America. Despite the material limitations typical of a relatively small country, Ecuador's government invested significant political and financial resources in the institutional consolidation of UNASUR, and actively participated in regional cooperation initiatives within ALBA, UNASUR, and CELAC. Let's briefly shed light on the *reasons*, *modes*, and *objectives* of Ecuador's proactive approach to the regional scenario.

The reasons of Ecuador's proactivity at regional level

Ecuador's regional activism is first of all the outcome of President Correa's political decision to support and invest in the consolidation of regional cooperation and integration platforms in South America, which are perceived as strategic tools for addressing the economic and security challenges faced by the country and increasing Ecuador's capacity to influence regional and global governance processes. Besides President Correa's ideological references to South American states' long-standing tradition of regional integration efforts since Independence, regional integration is in the first place a strategic necessity for a country like Ecuador. Differently from a huge economy like Brazil, which can compete autonomously on the global market, Ecuador needs and depends on neighbouring economies to achieve economic growth and social development. Integrated regional markets are essential tools for facing the competition of extra-regional markets, developing competitive production chains, and reducing the dependency on international investors and the vulnerability to speculative capital movements. President Correa has thus decisively supported regional integration because it supports the government's effort to pursue a more autonomous and sovereign development process.

Furthermore, regionalism is a springboard for promoting initiatives at regional and multilateral level which a country like Ecuador –and like the totality of South American countries expect Brazil– would not be able to promote individually. Through institutionalised regional cooperation, member states can push forward relevant issues or try to influence the formulation of a regional policy in a way that is compatible with or beneficial for their national interests. This was the case with the public health cooperation agenda of UNASUR, which Ecuador contributed to articulate on issues like the fight for a better access to health services for people affected by disabilities, as well as with the

launching of a poverty-reduction cooperation agenda within CELAC. Likewise, regional coordination allows small countries to have a voice at multilateral level, where global governance is formulated in key policy areas like health, climate change or trade. Ecuador successfully led the joint initiative of the UNASUR member states in the World Health Assembly aimed at defining a multilateral normative and operative framework for improving disabled people's access to health service. Regional coordination has also provided a valuable negotiation tool vis-à-vis private actors like international pharmaceutical laboratories, allowing Ecuador to collectively negotiate lower prices for essential medicines as a member of the South American bloc. For a country like Ecuador regionalism functions as a powerful political catalyst which can be used by the government to increase its margins of manoeuvre at regional and multilateral level.

For the Ecuadorean government regional cooperation is an essential tool for ensuring peace and democratic stability, and for tackling the security threats posed by transnational phenomena like drug-trafficking, smuggling, illegal exploitation of natural resources, natural disasters, and pandemic outbreaks. The creation of UNASUR and the establishment of sectoral cooperation councils in the fields of defence, domestic security, and electoral monitoring provided a traditionally unstable and vulnerable country like Ecuador with tools for dealing with domestic and inter-state tensions. The existence of the UNASUR cooperative framework allowed Ecuador to solve serious domestic (e.g., the attempted *coup d'état* of 2010) and inter-state crises (e.g., the 2008 diplomatic crisis with Colombia) that could have resulted in domestic instability and overt conflict with a neighbouring country. Additionally, regional cooperation in the field of military technology within the South American Defence Council of UNASUR provides an opportunity to reduce Ecuador's technological dependency from extra-regional providers, which represents an additional source of vulnerability for a country that does not have the size and capacities to negotiate technological transfer with the giants of the defence industry.

These are the "structural reasons" for Ecuador's strong interest in the promotion of regional cooperation and integration in South America. Political affinities between the government of Rafael Correa and the other left-of-centre governments that got to power in South America during the first decade of the XXI century also played a role in Ecuador's growing involvement in the regional process, facilitating governments' preference convergence towards the institutional consolidation of UNASUR and the creation of CELAC. However, intergovernmental political affinities are by definition temporary, whereas member states' interests in regional cooperation and integration –particularly when embedded in regional institutions– are stable over time and can resist domestic political changes.

The modes of Ecuador's regional activism

Under President Correa Ecuador has invested heavily in the consolidation of regional institutions and the provision of leadership in regional cooperation initiatives within

UNASUR, CELAC, and ALBA. The absolute priority of the Correa administration's foreign policy has been the institutional consolidation of UNASUR, which is considered the most important regional space for promoting Ecuador's political, economic, and security interests. The government of Correa –aware of the importance of *institutionalisation* for the preservation and deepening of the South American cooperation process started in 2000 under Brazil's leadership and resulted in creation of UNASUR in 2008– invested roughly US\$ 40 million in the construction of the UNASUR General Secretariat building in Quito. The construction of UNASUR's new Headquarter has provided a crucial political stimulus towards the strengthening of the Secretariat's capacities, and more broadly towards the consolidation of the UNASUR institutional architecture. Today the Secretariat counts on a growing regional technical-administrative staff (five Directors were recently hired for coordinating the Secretariat's activities in five thematic areas in which the UNASUR member states are cooperating), which shall allow it to support more efficiently member states in their cooperation activities through funding and technical support.

Why did the Correa government pursue this strategy? By strengthening the UNASUR institutional architecture, the Correa government has not only gained political capital to be invested in the promotion of specific cooperation/integration initiatives, but also contributed to the emergence of a new regional actor (the Secretariat) endowed with the capacity (although still limited) to finance and support through technical-administrative expertise member states' cooperation initiatives. Additionally, as argued by the institutionalist theory, the existence of institutionalised settings increases the participation and influence of smaller member states by reducing transaction costs and distributing coordination responsibilities. Consequently, by investing in the consolidation of the UNASUR institutional architecture, Ecuador's government carved out a policy space within which it can promote its national interests, receive political, financial, and technical support, and influence the articulation of regional governance.

Besides the institutional consolidation of UNASUR, the government of Correa actively participated in the cooperation activities of the Bolivarian Alliance for the Peoples of Our America (ALBA), and in the articulation of a regional cooperation agenda within the Community of Latin American and Caribbean States (CELAC). ALBA represents an alternative to neoliberal integration schemes based on free trade and financial liberalisation (e.g., the Pacific Alliance), which promotes the articulation of regional and bilateral cooperation in fields like economic production, energy, health, and education. Ecuador joined ALBA in 2009 and has actively supported a regional initiative that has a strong political value for President Correa inasmuch as it embodies the government's rejection of the neoliberal integration model and its replacement with a model based on economic complementarities, solidarity, and the State as the main driver of economic development. Despite all the limits of an initiative dependent on Venezuela's economic and political leadership and governments' political affinities, the Ecuadorian government continues to support ALBA.

CELAC represents for President Correa a valuable political forum for dealing with the challenges faced by Latin American states (including Mexico) autonomously from the “interference” of the US government. Following the original vision of Venezuela’s President Hugo Chávez (who launched the initiative in 2009), CELAC is envisioned as a direct alternative to the US-led Organisation of American States (OAS), which President Correa considers a legacy of an Inter-American order that shall not exist anymore and that shall replace with regional cooperation and integration schemes like UNASUR and CELAC. CELAC thus embodies the Ecuadorean government’s preference for dealing with regional issues through autonomous regional mechanisms.

The objectives and challenges of the Ecuadorean government’s regional strategy

President Correa is pushing for the convergence of sub-regional integration schemes (CAN and MERCOSUR) towards the UNASUR regional platform, which he considers as the appropriate “executive platform” for formulating effective regional governance solutions. CELAC would instead represent a broader institutional setting –including all the Latin American and Caribbean states– within which discussing and articulating longer-term political and development agendas. Additionally, President Correa is calling for the consolidation of a regional financial architecture based on autonomous regional development banks (the *Banco del Sur*) and currencies (the *Sucre*) capable of ensuring investment flows and financial stability in times of crisis.

Yet great challenges lie ahead. Regional convergence is resisted by member states for multiple reasons, ranging from preference divergence among governments in terms of trade and economic strategies, to the existing division of labour in some sectors (e.g., health) in which sub-regional organisations pursue deeper forms of integration (i.e., normative integration) that are not viable at the broader UNASUR level. Furthermore, political affinities among South American governments are fading due to political change in the region, which might hamper the deepening of an integration process based on a developmentalist and post-neoliberal agenda that is far from being consensual, particularly regarding political economy strategies. The economic crisis currently faced by Latin American economies after an unprecedented 10-year period of economic growth further complicates the creation of a credible regional financial architecture, which would require member states to pool national resources that have become increasingly scarce.

President Correa’s regional project pivoted upon a strong UNASUR and vigorous regional financial mechanisms will require not only political leadership, but also the capacity to deliver tangible regional goods in order to be realised. As UNASUR’s Secretary General Ernesto Samper pointed out, only by delivering tangible welfare-improving outcomes a regional organisation like UNASUR can gain legitimacy and visibility among South American people and push member governments to provide political and financial support to deepen the integration process.