**The contingency of agenda setting in**

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

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***Please do not quote***

***Comments are welcome***

***Abstract***

A growing body of scholarly work on the Union of South America Nations (UNASUR) is emphasizing its “post-liberal” agenda, contrasting with previous trade-centered regional integration agreements (RIAs) in Latin America. Dissatisfaction with the outcomes of open regionalism and the turn to the left are among the main explanations referred to. Many research efforts inspired by classical theories look at UNASUR’s agenda as the product of a geo-strategic design or as the reflect of dominant interests. Few have tried to go beyond this rationale and contextualize the agenda-setting process. The last decade has been politically and economically very turbulent in Latin America. The paper examines three issue areas: trade, defense and democracy. It uses process tracing and conterfactuals arguments to show the importance of context in defining and shaping UNASUR’s agenda.

Since the 1960s, regional integration agreements (RIAs) in Latin America have crafted agendas mainly centered on trade, with groupings such as the Latin American Free Trade Agreement (LAFTA, 1960), the Central American Common Market (CACM, 1960), the Andean Pact (1969), the Caribbean Community (CARICOM, 1973), or more recently the Common Market of the South (MERCOSUR, 1991).

By contrast, the agenda of the Union of South American Nations (UNASUR[[1]](#footnote-1)), created in 2008, does not include trade. Accordingly, many scholars have heralded a new era of “post-trade regionalism” and correlated it with the turn to the left that swept Latin America in the 2000s. Considering that trade was a top priority of the first South-American summit in 2000, that subsequently launched a sequence of meetings that would lead to the creation of UNASUR eight years later, this causal claim deserves to be submitted to a close examination. When and why was trade dropped from the agenda? This is the first question raised in this paper.

Rather than trade, UNASUR has placed the emphasis on infrastructure, energy, defense, social development, education and science, drug trafficking, economy and finance and democracy. How can we explain these different issue-areas put on the agenda? This is the second question this paper intends to answer.

The importance of the turn-to-the-left variable cannot be denied. Contrasting with trade-centered open regionalism, the left has indeed introduced a paradigm shift. UNASUR’s agenda is the product of a renewed interest in development planning (Oliveira, Onuki, 2006; Dabène, 2012a). However, the paper argues that this is only part of the explanation. UNASUR has also been remarkably reactive. Its agenda is also the product of disruptive events followed by emergency summits and crisis solving efforts[[2]](#footnote-2). In other words, UNASUR’s agenda setting has been contingent upon a series of events that ought to be unpacked.

The growing scholarly production on UNASUR has not given sufficient attention to this contingency. Most work tends to use classical theory-informed explanations to offer causal claims that are incomplete at best, biased at worst. This is all the more surprising that UNASUR’s short history is embedded in a very complex and turbulent context. The summit process began in 2000 in the midst of the worst economic crisis since the first half of the 1980s. Then the region recovered and benefited from an amazing commodity export boom. Politically, the period was marked by coups and instability and a turn to the left in many countries. And finally, the international arena has been affected by a U.S.-fed cold war in the Andean region followed by a rapid reconciliation, and as competing Brazilian and Venezuelan bids for regional hegemony. In parallel, a quick look at the three defining summits of 2000 (first South America summit), 2004 (first summit of the Community of South American Nations, CSN) and 2008 (first summit of the Union of South American nations, UNASUR), evidences that the scope of issue areas included in the agenda has widened substantially (Table 1).

This paper suggests that this enlarging agenda is context-driven. More precisely, in this paper, I answer the two questions above raised giving a causal role to the context. In order to do so, the methodology used is case narrative process tracing and counterfactual arguments. I have selected three issue areas: one that was left out UNASUR’s agenda (trade), on that was added (defense) and one that has always been there (democracy) since 2000. The lessons drawn from their examination are diverse. For each, I offer a context-driven explanation that enriches our understanding of UNASUR’s agenda formation.

Trade has been excluded from the agenda mainly because the negotiations for the Free Trade Agreement of the Americas (FTAA) have failed. Defense, by contrast, has been included because the U.S. has extended its war on terror to Latin America. Even if Brazil planned to address the issue, the Colombian crisis spillover in 2008-2009 has affected the timing and the content of the project. Finally, democracy was part of the initial priority of the South American summits. Yet, a series of crises, most importantly in Bolivia (2008) and Ecuador (2010), precipitated the adoption of a democratic clause and shaped its substance.

The remainder of the paper is organized in the following three sections: (1) Literature review, (2) Framework for analysis, and (3) Case studies. The paper closes with a brief summary of the main findings.

Table 1. Issue areas put at the agenda of three defining summits[[3]](#footnote-3)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Agenda | 2000 | 2004 | 2008 | UNASUR Councils |
| *Democracy* | *X* | *X* | *X* | *Electoral council (CE, 2012)* |
| *Trade* | *X* | *X* |  |  |
| Infrastructure | X | X | X | Infrastructure and Planning (COSIPLAN, 2009) |
| Drugs | X |  | X | Council on the world problem of drugs (CSPMD, 2010) |
| Science | X | X | X | Education, Science, Technology and Innovation (COCECCTI, 2009)Divided in 2012 in 3 councils: Education (CSE), Culture (CSC) Science, Technology and Innovation (CSCTI) |
| Energy |  | X | X | Energy (CES, 2007) |
| Social development |  |  | X | Social Development (CSDS, 2009) |
| Economy/Finance |  |  | X | Economy and Finance (CESF, 2010) |
| *Defense* |  |  | *X* | *Defense (CDS, 2008)* |
| Health |  |  | X | Health (CSS, 2008) |

Source: Author’s elaboration based on summits’ final declarations and action plans.

(ital.: case studies)

1. **Literature review**

Four theoretical approaches have been used to explain UNASUR’s main features. Each generates hypotheses that deserve discussion. In this section, I focus on what they have to say about UNASUR’s agenda.

*Neorealist approach*

Due to the obvious predominance of Brazil in the region, the most common approach is neorealism, putting the emphasis on hegemony. Classically, as any RIA (Grieco, 1997), UNASUR is apprehended as an instrument to assert political influence in a region. The neorealist approach predicts that the hegemon sets the agenda.

Along that line, Serbin (2009) argues that in the face of changes in the global arena, UNASUR illustrates the rise of Brazil as a regional leader. Confronted with the Venezuelan activism and aggressive diplomacy, Brazil managed to set a consensual agenda and imposed its way of managing crises such as the Bolivian one in 2008. Sanahuja (2012) also makes the same point contending, “UNASUR is largely a result of a Brazilian geopolitical design”. However, some authors question the Brazilian hegemony. Briceño (2010) argues that UNASUR is the product of Venezuela’s “maximalist” conception of integration. He considers that Brazil had a “minimalist” agenda centered on trade (South American Free Trade Agreement, SAFTA) that was abandoned in 2006 when Venezuelan president Chavez managed to form an active coalition with his Bolivian (Morales) and Ecuadorean (Correa) colleagues. They managed to introduce new issues such as social development, citizenship, cultural identity and migration. As a result, “UNASUR was the result of a convergence of the strategic goals that Brazil proposed in CSN [South American Community of Nations] and the social demands of the new leftist governments” (*ibid,* p.210).

Briceño rightly points out the rivalry with Brazil and Venezuela, but he probably overemphasizes the continuity of the Brazilian conception of integration. Arguing that Brazil is consistent in defending a minimalist conception since 1993, he disregards the change introduced by Lula. The shift toward a maximalist conception, embodied by UNASUR, did not run against Brazil interests or ideas.

Another limit to Brazil’s hegemony resides in the external influences, and most notably the role of the U.S. in the region. The U.S. might not be as hegemonic as it used to be (Mace, Loiseau 2005), they still influence the region. The 2009 U.S.-Colombia Defense Cooperation Agreement (DCA) threatened UNASUR (Iglesias-Cavicchioli, 2010). However, paradoxically, the DCA turned out to bolster the convergence of interests on the defense issue, an important point I will emphasize later.

Finally, Brazilian hegemony could generate resistance within South America and derail the process. Burges (2006: 451) forecasts that “the unilateral nature of the benefits arising from the elements of the regional vision enacted to date are bringing the political future of the project into question as the other South American states become increasingly dissatisfied with a largely Brazilian-led venture that offers few immediate benefits and may herald a future of dependence on an emergent regional Brazilian hegemony”.

Neorealism can generate two competing hypotheses: UNASUR is the product of Brazilian hegemony or of Venezuelan activism. It is not easy to validate either one, and both neglect the role of “minor” countries, such as Peru, Ecuador or Chile (Oyarzún, 2009), that were active when the held the presidency of the summits process. Neorealism also fails to grasp the convergence of integrationist postures in the main countries, echoing convergence in foreign policy[[4]](#footnote-4). And finally, neorealism can lead to different predictions, both centered on Brazil: a hegemonic-stability one versus a hegemonic-rejection one.

Yet it rightly draws our attention on power politics and rival bids for hegemony, a fact that cannot be underestimate looking at South America in the 2000s.

*Liberal approach*

Also very classically, some research efforts use liberal approaches centered on the interests and political influence of key constituencies that shape national preferences. As Mansfield and Milner (1999: 603) put it, the task it to explain why a country decides to enter a PTA considering that “public officials must strike a balance between promoting a country’s aggregate economic welfare and accommodating interest groups whose support is needed to retain office”.

In that vein, many scholars suggest that every single one of the twelve UNASUR members has a strong interest in the success of their endeavor (Ramírez, 2008; Cardona, 2005; Sanahuja, 2012). For some, this convergence of interests is not rooted in compatible national preferences but rather grows as an outcome of the negotiations. Burges (2007), for instance, claims that UNASUR is the product of a convergence of interests between South American countries that emerged from a “socialization process” during the summits held between 2000 and 2008. For others, like Felix Peña (2009), the convergence stems from a growing interdependence of the region that can be gauged from three different perspectives: trade and production, energy and drug trafficking. According to Peña, South America is both more “dense” and “differentiated” than it used to be.

Other works focus on the dominant players’ interests. Burges (2007) portraits Brazil with a “pragmatic and self-servingly market-friendly attitude”, looking for market opportunities in South America and beyond. Sanahuja (2012) also emphasizes Brazil’s interests in creating UNASUR (taking advantage of an enlarged South American market or gaining access to Pacific ports, etc.). He claims that UNASUR “would allow Brazil to reconcile a number of conflicting interests”, such as “the economic interests of the private sector, the geopolitical concerns of the armed forces and diplomacy, and the counter-hegemonic goals of the progressive actors supporting the Worker’s Party government”.

Giacalone (2006) also stresses Brazilian big companies’ interests. After the Argentine collapse in 2001-2002, the automakers in Brazil found themselves with overproduction and were looking for new markets, beyond MERCOSUR. Construction companies such as Odebrecht were also pushing for the opening of opportunities throughout South America. Soja producers in Mato Grosso were looking for trade routes towards China. IIRSA and CSN were responses to private interests’ lobbying. Brazilian companies would build the roads that would benefit Brazilian exports. The role of the National Confederation of Industrialists and of the Brazilian Business Coalition is often mentioned (Motta Veiga, 2007).

The liberal approach rightly suggests that an understanding of domestic politics ought to precede any study of inter-governmental negotiations. And it helps identify the key interest groups modeling the formation of national interests. For some issue areas like trade, the liberal research program can yield solid conclusions. Yet, it can hardly help understand why the South American countries dropped the trade issue when they created UNASUR. Reversibly, it runs short of accounting for the inclusion on the agenda of issues such as health or science that are not pushed by any influential constituency.

The liberal approach suffers from two limitations that hinder its capacity to explain “post-trade” context-driven regionalism. One, it only apprehends negotiations as confrontations of interests, when sometimes policy coordination can respond to another rationale; and two, when interests are at stake, it tends to hold them as constant, which is not compatible with a rapidly moving context and a succession of emergency meetings.

*Ideational approach*

Less classical pieces use an ideational approach. UNASUR, and for that matter also ALBA (Bolivarian Alliance of the Americas), use a different rhetoric centered on South America and solidarity-based projects.

Sanahuja (2012) stresses the social construction of a new region, with a new South American narrative, updating the traditional Bolivarianism. Yet he acknowledges that this is not a homogeneous project. There are different conceptions of UNASUR’s profile, from a politicized one defended by Brazil and Venezuela to a more modest one put forth by Colombia or Peru.

As usual with Latin American regionalism, there is a gap between rhetoric and content. Baraldi, Tasquetto and Ventura (2008) point the new grammar used by UNASUR in its founding treaty, but lament its lack of ambition, and the missed opportunity to coalesce MERCOSUR and CAN.

These new narrative and grammar stem from the left introducing a paradigm shift. A non-mercantile conception of integration was elaborated during the 1990s that later inspired ALBA and UNASUR in the 2000s (Dabène, 2012a). As we shall see later, the “Commission for reflecting on the South American regional integration process” issued a final statement in 2006 where it claimed that “the construction of a new model of integration cannot be solely based on trade”. It added, “South American countries, putting the emphasis on trade convergence, must build a wider economic and productive articulation and new forms of political, social and cultural cooperation”. Regarding the agenda, the document listed a wide array of issue areas for cooperation: infrastructure, energy, industry and agriculture complementarity, environment, poverty reduction and social exclusion, development banking, security, education, culture, science and technology. Trade was not included. When trade is mentioned, it is an instrument, for instance to reduce asymmetries, and not an end. In a 2005 document called “A new way to address asymmetries in South American integration”, CSN countries, relying on evidences gathered by CEPAL (2007), included privileged access to market as a tool to foster growth in less-developed countries.

The ideational approach sheds light on a set of new ideas brought about by leftist governments. However, the usual critics of this approach pinpoint its incapacity to explain when and how paradigm shifts materialize into effective change.

*Transformative or critical approach*

Finally, an even less classical perspective describes a transformative or critical regionalism.

Efe Can Gürcan (2010) opposes “former regionalisms framed by Western-centric biases overemphasizing stability, hegemony, elitism, economism and security” to “newly emerging Latin American regionalisms promoting deep socio-cultural, pluralistic and democratic transformation which go beyond the hegemonic limitations of acute security concerns, authoritarian forms of identity politics, and an overrated obsession of economic integration” (*Ibid*, p.20). He borrows the notion of transformative regionalism from Mittelman (1996), stressing “bottom-up strategies of alter-globalist and counter-hegemonic resistance” (Ibid, p.21) and identity politics forging a culture of resistance.

Can Gürcan claims that Mittelman’s proposal captures the contemporary Latin American reality. However, it is not clear what reality he refers to. The example of ALBA as an “alliance of strong states with transnational social movements such as La Via Campesina” or as “an experience which embraces indigenous demands and cultural concerns of the subaltern classes” (Ibid, p.22), is hardly convincing. Describing ALBA as an integration process run by participatory democracy is taking ALBA’s rhetoric at face value. Radical regionalists also consider UNASUR as a case deserving close attention, although still in “slow motion” as compared to ALBA. UNASUR’s treaty aims at building a regional citizenship, yet it is unclear how it will consolidate a new collective identity.

The transformative regionalism approach rightly apprehends transnational mobilizations as tools of integration from below, a dimension often neglected in the literature that ought to be retrieved (Dabène, 2009). Yet, focusing on non-state actors’ agency is one thing, overemphasizing their transformative capacity is another, influenced by militancy rather than sound empirical research.

1. **Framework for analysis**

Each of the theoretical approaches discussed in the preceding section highlights key components or moments of UNASUR’s creation process. They are more complementary than mutually exclusive, except for the last one. Yet, they lead to contradictory predictions and none offers a persuasive account of UNASUR’s agenda formation. More precisely, they do not explain why trade was left aside in the 2008 treaty and many other issue areas were added. They all have in common the use of structural macro-variables such hegemony, interests, and ideas, and do not pay sufficient attention to the context.

In this paper, I claim that we need a framework for analysis that pays due respect to history as it unfolds, not only as an interplay between key players defending strategic interests, but also as a product of a series of unexpected and sometimes very pressing events. I argue that the context is not just residual. It is an intervening or even an independent variable that can be central in explaining policy choices and negotiations’ outcomes. Key to the suggested framework for analysis is a focus on timing and sequences of events as “cases where different temporal orderings of the same events or processes will produce different outcomes” (Pierson, 2004, p.68). This is where process tracing and counterfactuals can help.

In order to test my main independent variable (context), I use process tracing and counterfactual arguments (Tetlock, Belkin, 1996). I follow Capoccia and Kelemen (2007, p.368) when they assert, “only by taking counterfactual analysis seriously can contingency be studied. The reconstruction of plausible counterfactual scenarios, based on theoretically informed expectations and narrative reconstruction of the decision-making process supported by empirical evidence, is therefore the key in this kind of analysis”. The idea is to be explicit about what might (or might not) have happened, if the context would have been different. As Fearon (1991, p.176) puts it, “support for a causal hypothesis in the counterfactual strategy comes from *arguments* about what would have happened. These arguments are made credible (1) by invoking general principles; and (2) by drawing on knowledge of historical facts relevant to counterfactual scenario”.

In the next section, I proceed to trace the process of UNASUR’s agenda setting, looking at contexts and using counterfactuals. I develop three case studies: trade, defense and democracy.

1. **Tracing the process of UNASUR’s agenda setting for three issue areas (trade, defense and democracy)**

For each case, I use the same format of presentation. Starting with a simple “had it been different if” question, I examine the validity of the counterfactual speculation and then try to assess the importance of context with the case narrative. I close with a reflection on the gain of the proposed explanation with respect to other classical ones.

***Trade***

*Counterfactual speculation*

Had trade been removed from UNASUR’s agenda, if the FTAA negotiations had succeeded?

*Is it plausible to speculate about a possible success of the FTAA negotiations?*

There is empirical evidence showing that (1) U.S. President George Bush took an aggressive attitude toward Latin America before 9/11 (Vanderbush, 2009), and after 9/11 he tried to impose his war on terror to Latin America (Emerson, 2010; Leogrande, 2007; Prevost, Campos, 2007); and (2) the 2002 U.S. Farm Bill and Trade Act were inacceptable for Latin America. These policy choices affected the U.S.-Latin America relations. They reinforced the anti-American stance in Latin America and undermined the pursuit of mutually beneficial negotiations. Both policy options were highly contingent. The war on terror was a response to U.S. domestic political pressures, and both the Farm bill and the Trade act were voted by a slim margin.

For the sake of the demonstration, we actually do not need to speculate about a successful negotiation, but simply about an ongoing negotiation, with a will to compromise on sensitive issues. The way the negotiations unfold between 1998 and 2001 showed that the U.S. administration could not impose its views (because it lacked the “fast track”). 9/11 disrupted this course of events.

*Case narrative*

Trade has always been a key issue of both CAN and MERCOSUR’s agendas. Despite disappointment regarding the outcomes (low level of intra-regional trade), the aim of forming a customs union has been reaffirmed quite regularly in sub-regional summits. Additionally, there was a strong political will to make the different sub-regional agreements converge, and ALADI consistently worked on it. However, during the 1980s, ALADI only made sure it registered the different agreements signed in the region, without managing to have them merge.

During the 1990s, the convergence issue got more complex, because a new regional agreement emerged: MERCOSUR. From its inception, MERCOSUR aimed at building a South American block, and as early as 1996 it welcomed Bolivia and Chile as associate members.

Yet, no progress was made towards convergence, although during the 1990s, it was a “magic word” often referred to (SELA, 1995). The end of the cold war signaled a renewed optimism regarding the convergence of interests and values in the region. Yet, it did not translate into a Latin American Free Trade agreement (Dabène, 1998).

A change would eventually come as a result of external pressures.

The U.S. proposals, first of a Western Hemisphere open market (Bush’s 1990 Enterprise for the Americas Initiative) and later of a Free Trade Area of the Americas (FTAA), had the Latin Americans getting closer together to prepare for a U.S.-Latin America negotiation (Feinberg, 1997). In parallel, the E.U. offered an inter-regional partnership that compelled the sub-regional groupings to agree on a common external tariff.

In the backdrop of these external pressures, the region started to evaluate its degree of “readiness” for free trade with the U.S. and the E.U. The conclusions of different evaluations were straightforward. On all account, with the exception of Chile, the region was not ready and had an horizon of painful adjustments to make (Hufbauer, Schott, 1994).

During the 6th Rio Group Summit (Buenos Aires, 1-2 December 1992), significantly in the same article 18 of their final declaration, the Presidents acknowledged the conclusion of the NAFTA negotiation and called the different Latin American integration organizations to work together and come up with a proposal of convergence within a unique free trade area.

Following up that idea, during the 7th Rio Group Summit on 15-16 October 1993 in Santiago, Brazilian president Itamar Franco evoked a South American Free Trade Area (SAFTA). Then during the 10 March 1994 MERCOSUR meeting, Brazil’s partners expressed firm support to Franco’s project. According to the Brazilian Foreign Minister, Celso Amorin, the goal was not a customs union but a simple free trade zone. In an interview, he mentioned a “flexible and pragmatic approach”, starting in 1995 with a progressive elimination of tariffs and non-tariffs barriers, with a phasing out of ten years. He also argued, “the deepening of South American economic, social and political integration is the safest way to insert our region into the flows of international trade, capitals and technology”.[[5]](#footnote-5)

By the end of 1994, the region had to cope with the challenge of getting ready for the FTAA negotiations. Brazil was inaugurating the eight-years presidency of F.H. Cardoso.

The years 1996-2000 were marked by some progress toward ALCSA through a series of negotiations. MERCOSUR signed trade agreements with Chile and Bolivia in 1996 and two years later a framework agreement was signed between MERCOSUR and CAN launching negotiations. On 12 August 1999, Brazil signed a separate free trade agreement with the Andean countries. Argentina did the same on 22 June 2000.

Campaigning in Florida, Georges Bush Jr. declared on 29 August 2000 that Latin America would be a top priority of his administration, and that if elected he would attend the April 2001 Quebec Summit of the Americas with a “fast track” authority from Congress to boost the FTAA negotiations. In response, when Cardoso convened the first South American Summit on 31 August – 1 September 2000 in Brasilia, he had in mind speeding up the creation of SAFTA.[[6]](#footnote-6)

Bush attended the Québec Summit without the trade promotion authority (TPA) but he promised he would have it before the end of the year. Meanwhile Brazilian negotiators also made clear they had serious claims regarding U.S. antidumping provisions and high tariffs on agricultural products.

In 2002, the trade issue had to accommodate to changing circumstances.

The second South American summit (Guayaquil, Ecuador, 26-27 July 2002) took place exactly when the U.S. Congress was passing the TPA legislation, after two years of a fierce battle that would delegitimize this instrument (Tucker, Wallach, 2009). The South Americans had reasons to be displeased by the content of this 2002 Trade Act, since it explicitly set limits to the U.S. administration’s ability to modify tariffs on import-sensitive products such as dairy products, fresh fruits and vegetables sugar and other sweeteners, beef and lamb, oilseeds, wine, tobaccos, cotton, wool, and chocolate. South American countries such as Brazil or Argentina willing to gain access to U.S. beef, sugar, citrus and vegetable markets were understandably frustrated. Moreover, the U.S. Farm bill had been passed on 13 May 2002, setting the level of subsidies to an unprecedented high.

However, on the domestic political front, in July 2002 South America was not ripe for a collective reaction. Cardoso was an outgoing president and Brazil was in the midst of an electoral campaign. Venezuelan president H. Chavez was in the aftermath of a coup that ousted him for two days. E. Duhalde in Argentina had been elected president on 1 January 2002 to complete F. De la Rua’s term. Only A. Toledo, the new Peruvian President proved to be enthusiastic over integration issues.

The Guayaquil summit was dominated by criticism of protectionist trade policies pursued by the U.S. and the E.U. Cardoso criticized a “world ruled by a global directorate” and all the participants agreed to close the CAN-MERCOSUR deal.[[7]](#footnote-7)

Before the end of the year, the U.S. signed a free trade agreement with Chile, signaling a trend to extent NAFTA model through bilateral agreements.

Then came 2003, a year of intense Brazilian diplomatic activities. The new president Lula traveled a lot, meeting Bush at the White House (20 June) and visiting five African countries (2-10 November). Trade issues were clearly given full attention. Lula was instrumental in putting together a coalition of developing countries (G22 group) that managed to derail the WTO negotiations in Cancun (10 September) because the U.S. and the E.U. would not offer progress on agricultural subsidies. Lula also planed a bi-regional meeting with the Arab world, pointing out “the overall strategy is to go and seek markets instead of waiting for them to discover us”.[[8]](#footnote-8) In South America, Lula wanted to further develop infrastructure linkages, claiming “it is up to us [The Brazilians] to take the initiative to open up roads for trade to improve, between the countries of Latin America – and those of Africa”.[[9]](#footnote-9) On 16 December 2003, an agreement was finally signed between CAN (Ecuador, Colombia and Venezuela) and MERCOSUR, opening up new perspectives. [[10]](#footnote-10)

The next year started with a languish Special Summit of the Americas (Monterrey, 12-13 January 2004), which included in its final declaration a vague reference to the “framework and calendar” for concluding FTAA negotiations reached at the Miami Ministerial in November 2003. During the first months of 2004, the FTAA negotiations ran paralyzed.

In the backdrop of this complex regional setting, the U.S. opened bilateral trade negotiations with Ecuador, Colombia and Peru on May 2004, a few months after the U.S.-Chile FTA entered into force. In a way, this U.S. strategy shift made South American trade talks all the more urgent, but also more complicated, as the South American free-trade defenders had an alternative and would lost motivation for a South American deal, as they gained access to the much more attractive U.S. market.

On 18 October 2004, the ALADI’s XIIIth council of foreign ministers approved the “Bases of a program for gradual constitution of a free trade area in ALADI” (Resolution 59). The year closed with the third South American summit, held in Cusco, Peru (8-9 December), where the Community of South American Nations (CSN) was officially created. It was a tense summit, with Venezuelan President Chavez opposing its ALBA project to FTAA and Brazil and Argentina arguing about a safeguard clause in the MERCOSUR. Brazilian private sector expressed concern that a radical politicization could affect the business climate in the region.[[11]](#footnote-11) However, trade was still a top priority in the Cusco’s Declaration. The aim was “the deepening of the convergence between MERCOSUR, the Andean Community and Chile through the perfecting of the free trade area”.

During their first meeting (Brasilia, 29-30 September 2005), the CSN heads of State issued a “Declaration on the convergence of integration processes in South America”. They decided to “promote convergence of the Economic Complementation Agreements among the countries of South America”. In addition, they “requested the ALADI, MERCOSUR, CAN and CARICOM Secretariats to prepare, in cooperation with Chile, Guyana, and Suriname, studies on the convergence of economic complementation agreements among the countries of South America”. The Summit was once again marked with tensions. Some were related to intra-MERCOSUR trade disputes and resulted in Argentine and Paraguayan Presidents only staying a few hours in Brasilia, and Uruguay not attending. Others were more political, with Hugo Chavez threatening not to sign the final declaration unless CSN was granted solid institutions and a broader agenda including social issues. Nevertheless, all the participants committed themselves to open a South American free trade area. Chile even pressed for a fixed deadline but Brazil opposed it.

Later on 4-5 November 2005, the Mar del Plata (Argentina) IVth Summit of the Americas witnessed a clash between MERCOSUR countries and the rest of the continent over the opportunity to reactivate FTAA negotiations. It became obvious that the FTAA would be discarded for quite a while.

During the MERCOSUR December summit, an emergency CSN meeting was held. Based on a Venezuelan-Uruguayan recommendation, a Strategic Reflection Commission (SRC) was set up, composed of high-level delegates of member countries[[12]](#footnote-12). This Commission issued a document that triggered a paradigm shift. Indeed, the next CSN Summit, held in Cochabamba (Bolivia) on 8-9 December 2006, was much more inspired by the SRC than by the work on convergence commissioned by the precedent summit to the Secretariats.

SRC’s final report, titled “A new model of South America’s regional integration. Towards a Union of South American Nations”, claimed that the “new model of integration cannot be based solely on trade relations”. It added, “in the view of building a balanced integration and of consolidating an agenda of social and productive integration, South American countries, putting the emphasis on trade convergence, ought to look for a broader economic and productive articulation, and forms of cultural, social and political cooperation”.

Trade was no longer an end but an instrument to achieve higher goals, a change I described as a politicization (Dabène, 2012b). Yet, the paradigm shift was only partial, as the document did include the objective of a free trade area, building on the existing groupings and addressing asymmetries. Trade for the people was the new conception defended by Venezuela in the framework of ALBA.

In 2006, some regional realignments took place. Venezuela left CAN to join MERCOSUR and Chile was reincorporated to CAN. On the political front, H. Chavez and Lula were easily reelected. A. García in Peru defeated the Chavez-backed candidate O. Humala and in Ecuador R. Correa was victorious. That did not work in favor of CAN-MERCOSUR convergence, as the region was growing more polarized. During the April 2007 Energy Summit in Margarita (Venezuela), it became obvious that trade liberalization in South America was no longer a priority. The Peruvian president A. García, who did not attend the Margarita meeting, suggested in September to create a “Pacific Arch”, in order to promote trade with the Asia-Pacific region.

The year 2008 witnessed a climate of cold war in the Andean region. Brazilian diplomacy put up a lot of efforts to convince the rest of South America to sign a new treaty giving birth to UNASUR on 23 May, amidst much skepticism. Other than the May Summit, the year was very busy, with no less than three informal presidential meetings to deal with urgent matters.

Regarding trade, UNASUR’s treaty only mentioned in its article 3.l a vague objective of “economic and commercial cooperation to achieve progress and consolidation of an innovative, dynamic, transparent, equitable and balanced process focused on an effective access, promoting economic growth and development to overcome existing asymmetries by means of the complementarities of the economies of the countries of South America, as well as the promotion of the wellbeing of all sectors of the population and the reduction of poverty”. There is no mention of SAFTA, a fact that has been presented as a proof of a new “post-trade” orientation.

*What lessons can be drawn from this narrative?*

Trade was removed from South America’s priority list when it became clear that the FTAA negotiations had failed. It occurred in 2005-2006. Had the negotiations been prolonged in a pacified climate, the South Americans would have been compelled to cement their unity.

As indicated, the negotiations failed because of policy shifts introduced by the Bush administration (Trade Act, Farm Bill). Without them, Latin America would have kept on negotiating the FTAA, and although some countries were resisting, a consensus would probably have been reached on some kind of “light FTAA”. I further claim that this ongoing FTAA negotiation would have been accompanied by substantial progress towards a SAFTA. The UNASUR treaty would probably have included a reference to SAFTA. Without the FTAA incentive, and with alternative-coalitions (FTA, Arc of the Pacific), SAFTA, entailing a complicated negotiation on its own, could be postponed for better times. Hence, UNASUR is post-trade by default, as a consequence of an evolving context.

I argue that this simple causal claim, resting on process tracing and counterfactuals, is self-sufficient. Nonetheless, it is compatible with other types of explanations, be they ideational or interest-centered. Some scholars have argued that H. Chavez introduced a radical paradigm shift that resulted in post-trade regionalism. Although I don’t take issue with that assertion, I would argue that it overrates the Venezuelan leadership, as compared to Brazil’s.

Classical liberal explanations deserve a longer comment, as several arguments have been developed regarding the interests of the key actors involved in the negotiations. They all predicted that without external incentives, the dynamics of SAFTA negotiations would soon exhaust. Let’s consider the following arguments.

During the years 1994-2004, trade between CAN and MERCOSUR remained marginal. CAN’s exports to MERCOSUR represented 3,6% of CAN total exports in 1994. It went down to 2,4% in 2003. Regarding the imports, it increased from 8% to 11% during the same period. The trade balance has been consistently negative for CAN (CAN, 2004). As for the MERCOSUR, it is even worse, with CAN attracting a very modest flow of its external trade. The years 1997-2002 have been called a “lost half-decade” by ECLAC, with stagnant growth and rising poverty (ECLAC, 2002). The Brazilian (1999) and Argentine (2001) economic crises undermined severely the MERCOSUR.

Liberal theories predicted that by 1999-2002, trade would no longer be an issue to be discussed because the severe economic crisis undermined the key actors’ motivations to go along with further opening. In addition, by 2003, sectors pushing for free trade met their objectives with ECA 59. ECA 59 entered into force in 2005 and with it, about 80% of intra-regional trade was liberalized. However, the region was still far from completing a free trade zone and the progress scheduled was slow (Vaillant, 2007). When growth resumed, so did the expectations.

Regarding the level of trade convergence, a study showed that in 2006, only 61% of the regional trade relations reached the threshold of 90% of commercial items under provision of free trade.[[13]](#footnote-13) When the report used another criteria, namely the proportion of the beneficiary-country exports that can enter its partner market freely, only 46% fell in the category of “free trade”. And when it used the even stricter criteria of market access (proportion of the exports falling under the category of most-favored-nation treatment), the proportion of relations deserving to be labeled “free trade” was down to 36%. The report figured that these numbers were only to change slowly by 2010. In addition, it showed that the trade relations between MERCOSUR as recipient and CAN as provider were the furthest from being “free”. The study concluded that there was a wide margin of progress for trade discipline (rules of origin, customs procedure, exceptions, non-tariff and technical barriers, sanitary norms, dispute settlement) and complementary matters, such as services, investments, intellectual property, competition policies, and public procurements.

By all account, liberal theory predicted that the negotiations would be reactivated, provided the actors considered they could reap benefits out of a South American deal.

This is where two additional elements ought to be taken in consideration. The years 2003-2008 witnessed an amazing commodity-export boom. The “we-sell-expensive, we-buy-cheap” syndrome had many wonder why keep on negotiating free trade within Latin America. And for the genuine “Free-traders” in South America, there were more attractive options: FTA with the U.S. and Arc of the Pacific.

These interest-centered arguments help understand the loss of the actors’ motivations.

Tracing back the origins of UNASUR’s post-trade agenda, we found that the key context evolution occurred in 2002 with policy changes in the U.S. By 2006, the South Americans were taking full advantage of the export boom and could remove SAFTA from their priority list.

***Defense***

*Counterfactual speculation*

Would Defense have been placed on UNASUR’s agenda, if the U.S. had not tried to export its war on terror to Latin America?

*Is it plausible to speculate about Latin America been excluded from the global war on terror launched by the U.S. after 9/11?*

As previously mentioned, President G. Bush took an aggressive attitude toward Latin America even before 9/11, appointing cold-war inspired officials to key positions in his administration (Otto Reich, Roger Noriega….) (Vanderbush, 2009; Emerson, 2010). President B. Clinton before him endorsed the Plan Colombia, in the name of the war on drugs, translating into a sharp increased militarization of the Colombian crisis. G. Bush then reframed the Colombian crisis as a war on terror.

The election of a far-right President in the U.S. was not meant to be. His policy options were controversial and contingent on the will to meet specific constituencies’ demands that could secure his reelection. Moreover, 9/11 was a highly unexpected and disruptive event. And finally, Latin America has never been the theater of any “fundamentalist” or terrorist activities.

*Case narrative*

Unlike trade, defense and security have never been on Latin American RIA’s agendas. True, the region has never been plagued with many deadly wars. Yet it is characterized by a violent peace (Mares, 2001), with many border disputes and militarized inter-state incidents that could have been addressed by regional groupings. In addition, the very processes of economic integration can also foster insecurity (Hurrell, 1998).

Instead, the defense issues were dealt with in the framework of the 1947 Rio Treaty, as part of the inter-American system and under the strict control of the United States, which left no room for the Latin Americans to have an organization of their own. There are exceptions, though. Following the Cuban Missile crisis, the Latin Americans committed themselves to ban nuclear weapons. The 1967 Tlatelolco Treaty declared Latin America a denuclearized zone of peace. During the 1990s, Central America adopted a Treaty on democratic security (1995), and MERCOSUR issued on 24 July 1999 a political declaration, together with associate members Bolivia and Chile, making the region a zone of peace.[[14]](#footnote-14) On 17 June 2002, the Andean Community adopted an Andean Charter for peace and security, also called Lima compromise, setting limits and controls to the military expenditures. Ten days later, the South American foreign ministers agreed on a Declaration on South America as a peace zone.

Except in Central America, those formal declarations never entailed effective military cooperation to address regional security problems. The Latin American armies did collaborate, but within the peace mission in Haiti (MINUSTAH), and hence under a UN mandate.[[15]](#footnote-15)

The disruptive event that triggered a change is the Plan Colombia and the U.S. backing it in the name of the war on drugs. U.S. involvement was hardly a surprise, as President Bush launched in 1989 a National Drug Control Strategy appropriating $65 Millions in military supply to Colombian armed forces. At that time, “there was a strategic shift from viewing drugs solely as a domestic issue to collectively viewing drugs, cartels and the effects of trafficking in Latin America as threats to U.S. national security interests” (Oehme, 2010*,* p.225). Plan Colombia went a step further, providing a link between drugs, guerillas and paramilitaries. The U.S. moved from supporting counternarcotics police units to assist counterinsurgency military operations.

After months of debates, President Clinton signed the Plan Colombia law on 22 August 2000, approving a $1.3 billion package, mostly military aid (Díaz Rivillas, 2002). He then traveled to Cartagena (Colombia) on 30 August in a display of commitment to Plan Colombia. As a result, the 31 August – 1 September 2000 first South American summit, programmed to discuss economic integration, was dominated by concerns regarding the U.S. military assistance to Colombia resulting in further militarization and possible spillovers.

After 9/11, G. Bush reframed his Latin American policy to fit his war on terror. Colombia became an outpost for combatting terrorism in South America. In February 2002, President Bush sent to Congress a budget request that, for the first time, included military assistance for Colombia not linked to counternarcotics operations. Then, on 23-24 March 2002, he traveled to Lima to meet with the presidents of Peru, Bolivia, Colombia and the vice-president of Ecuador, in preparation for the renewal of the Andean Trade Promotion and Drug Eradication Act (ATPDEA).

The war on drugs caused unease in the region, and when the U.S. refrained from condemning the 12 April 2002 coup against Chavez in Venezuela, it made things worse. There was a growing perception of threat in South America. Venezuela was persuaded Bush wanted to destabilize its revolutionary regime and Brazil suspected the U.S. to use Colombia and the Manta base in Ecuador to expand its control capacity over the Amazon forest. As a reaction, on 26-27 July 2002, the second South American summit declared South America a zone of peace.

In January 2003, G. Bush’s State of the Union Address did not include a single reference to Latin America, and his initial reaction to Lula’s inauguration was quite lukewarm. The U.S. president did make an effort though, receiving his new Brazilian colleague at the White House on 20 June. On 29 October 2003, the first Conference on Hemispheric Security (OAS) in Mexico issued a Declaration on security in the Americas, but failed to address the much-awaited issue of the Rio Treaty’s reform.

In this context, during his first year in office, Lula installed a Strategic council that started in 2004 to unveil important documents regarding short, medium and long-term defense objectives. The purpose was for the Brazilian civilians to regain control over defense matters, a task initiated by Cardoso with the creation of a Defense ministry in 1999. Yet the prospective reflection had a potential regional impact, as it explicitly envisioned a possible collective defense capacity to cope with new security threats in the region.[[16]](#footnote-16)

In parallel, in June 2004, Brazil deployed troops in a UN stabilizing mission in Haiti (MINUSTAH), as a strategy to give credit to its bid for a permanent seat at the UN Security Council (Malamud, 2011). Later that year, two important meetings took place. One in the MERCOSUR gathered the Defense ministers to study the creation of a permanent secretary for military affairs. The other, in the OAS framework (Inter-American Defense Board), saw the U.S. clashing with Brazil over the issue of expanding the focus of the Board to security issues.

On 13 July 2006, the Amazon Cooperation Treaty Organization[[17]](#footnote-17) convened its first meeting of Defense ministers to examine a wide range of security threats affecting the Amazon region. The discussions dealt with transnational organized crime, monitoring systems and plant and animal trafficking. The countries showed concern about possible sovereignty threats. Brazil offered the benefice of its Amazon monitoring system to the other countries.

During 2007, as part of a much more assertive security policy during Lula’s second term (Villa, Trindade, 2010), Brazil went a step further, evoking the idea of a South American Defense council. The Colombian bombing of a FARC camp in Ecuadorean territory, on 1 March 2008, gave the project a particular salience. On 22 March 2008, Brazilian Defense minister Nelson Jobim made a presentation at the Inter-American Defense Board, receiving full support. Then, in April-May 2008, Jobim toured South America, presenting a more elaborate project. Only Colombia proved reticent, asking the rest of South America to acknowledge that FARC was a terrorist group. On 28 May 2008, when signing the UNASUR treaty, the Presidents decided to create a working group to elaborate a project of a South American Defense Council (CDS). The same day, Obama pronounced his first campaign speech about Latin America, showing support to Colombia’s fight against the FARC. In retrospective, it made Colombia’s attack appear much like a “preventive strike” Bush claimed legitimate to use on the war on terror. It was all the more preoccupying that on 24 April 2008, the U.S. had decided to reestablish its fourth fleet, with a mission to operate around South and Central America, provide “humanitarian assistance” and help fight drug trafficking. This move sparkled swift reactions in the region, with Argentina and Brazil demanding explanations, and Venezuela preparing naval exercises with Russia in the Caribbean. With some differences in the tone used, all South American countries suspected the U.S. to have a view on their natural resources.

Without a doubt, the redeployment of the fourth fleet strengthened the will of the region to get a defense council. Yet, the debate regarding its purpose grew further polarized, with an anti-American option opposing a more conciliatory tone. During the 7 hours UNASUR Summit in Santiago (15 September 2008), convoked to deal with the Bolivian crisis, Chávez and Cristina Kirchner tried to shift the blame of the Pando massacre to the U.S. intervention in the region. Lula reframed the discussion, asking if Morales would accept a UNASUR-sponsored mediation mission. The final declaration left the U.S. out of the picture.

The South American Defense Council (CDS) was finally created during the 11 December 2008 UNASUR meeting with the ambition of consolidating South America as a zone of peace, creating a South American identity in defense issues and generating consensus to strengthen regional cooperation for defense issues. More precisely, the Action plan adopted on 10 March 2009 included four lines: defense policies, military cooperation, humanitarian assistance and peacekeeping operations, defense industry and technology, and education and training.

Then, as if CDS was to be tested right at its inception, press reports mentioned a military agreement between Colombia and the U.S., whereby the former would grant the latter the access to seven military bases. Colombian President A. Uribe, under fierce pressure, announced he would not attend the 10 August UNASUR Summit and embarked on a tour of seven South American countries to explain the defense agreement with the U.S. It did not prove to be enough to calm even the more moderate governments of Chile and Brazil, while Venezuela and its ALBA allies were infuriated.

On 28 August, an extraordinary summit addressed the U.S./Colombia military agreement. In order to have Uribe in, the agenda of talks included all military acquisitions, framed by a policy of transparency. The Bariloche Summit witnessed a clash between A. Uribe and H. Chavez. Brazil proved unable to rally support to its idea of a meeting with U.S. President B. Obama, and failed to have UNASUR advanced on military or other issues. However, the Bariloche declaration did “reaffirm that the presence of foreign military forces cannot, with its means and resources linked to its own goals, threaten the sovereignty and integrity of any South American nation and as a consequence, the peace and security of the region”. It also instructed the CDS to “analyze the text of the ‘South American Strategy. White paper, air mobility command’” that Chavez displayed during the Summit as a proof of U.S. intentions to use the bases to plan military operations in the whole region.

On 27 November 2009, an extraordinary meeting of UNASUR’s Foreign and Defense ministers agreed on a series of much needed confidence building measures. One of them was that “Cooperation agreements on defense concluded by the Member States of UNASUR will include an express clause to ensure respect for the principles of sovereign equality of States, territorial integrity and inviolability and non-intervention in internal affairs of other States”. Regarding the U.S./Colombia agreement, the meeting could not reach a consensus.

In August 2010, the Colombian constitutional Court declared the agreement unconstitutional. The new Colombian President J.M. Santos buried the project. As a result, the CDS lost its momentum and in the last two years, it has not made progress towards building a new doctrine or implementing the confidence building measures.

*What lessons can be drawn from this narrative?*

Right from the start, there was clearly a Brazilian ambition to engage its neighbors with some military cooperation in order to cope with perceived regional security threats and assert leadership. In a way, it prolonged the initiatives launched by the military regime with the La Plata Basin Treaty (1969) and the Amazon cooperation treaty (1978). Ironically, it also benefited from the 1990s reinvigoration of the OAS and the new relationships established between Latin American defense ministers within the Committee on Hemispheric Security, created in 1995 in the framework of the continental summitry process (Franco, 2006).

Considering the diplomatic ambitions of the Lula administration and its determination to build a regional leadership to project power at the global level, there is no doubt that a defense treaty would have been signed, one way or another, in South America. Nonetheless, the context, namely the U.S. supporting Plan Colombia and imposing its post-9/11 war on terror, did play an important role. It affected both the timing of the sequence and the content of the project.

In 2008-2009, UNASUR’s agenda setting regarding defense and security overlapped with a crisis-resolution effort. Such coincidence resulted in acceleration of the negotiations. It also compelled the actors to reach a consensus on a modified agenda, with issues such as military expenditures and military agreements getting at the forefront.

This causal claim is compatible with Battaglino’s account of UNASUR’s defense agenda, stressing both material changes (militarization of the security policy of the United States towards the region, revival of territorial and ideological disputes and emergence of Brazil as a regional power) and ideational changes (new regional consensuses regarding how to deal with development and defense) (Battaglino, 2012). As this author puts it, “the increasing U.S. military presence and the arrival of one of the most dangerous features of the ‘war on terror’ to the region (preventive strike) prompted the emergence of the SADC. Its emergence, however, would not have been possible without the existence of an emergent identity in defense matters, which recognizes that the maintenance of the national defense in this new scenario demands more interstate cooperation, that is, a regional approach” (*Ibid,* p.88). This argument can be pushed a step further, identifying the context as a key variable shaping the agenda on defense matters.

***Democracy***

*Counterfactual speculation*

Had democracy been on UNASUR’s agenda, if it were not for two crises undermining democracy in 2008 in Bolivia and 2010 in Ecuador?

*Is it plausible to speculate about democratic stability in South America?*

In post-transition Latin America, there are no cases of successful military coups, nor installation of long-lasting authoritarian regimes. Peru under A. Fujimori during the 1990s is the only exception.

Instead of classical coups, Latin America in the 2000s has suffered from political instability (Pérez Liñán, 2010) and downgraded quality of democracy. Some authors have evoked electoral authoritarianism (Schedler, 2006) or illiberal democracy (Smith, Ziegler, 2008).

Although there are patterns of instability explored by the literature, each of the cases mentioned in the narrative below was highly contingent on crisis factors related to particular events and domestic trajectories.

*Case narrative*

In the mid 1980s, democracy was the initial preoccupation that drove Argentina and Brazil to initiate bilateral talks and later launch an integration process (Dabène 2009, Gardini 2010). Democracy was not included in the MERCOSUR 1991 treaty, but the issue eventually resurfaced after the 1996 coup attempt in Paraguay. MERCOSUR then adopted a democratic clause in 1998, and so did the Andean Community the same year.

In the months preceding the first South-American Summit, some political events in the region were motives of concern regarding the quality and stability of democracy. On 21 January 2000, J. Mahuad was ousted in Ecuador. Then in neighboring Peru, A. Fujimori won a fraudulent third consecutive election (9 April – 28 May). He would eventually step down on 18 September. In Bolivia, a State of emergency was declared on April, to cope with social unrest. On 28 May, there was an attempted coup in Paraguay against president L.G. Macchi. Finally, for some conservative sectors in Latin America, H. Chavez’s reelection in Venezuela on 30 July was a clear sign of authoritarian drift.

The only “good news” came from México, where an alternance occurred on 2 July after more than 70 years of a dominant-party (PRI) regime.

The defense of democracy was on the agenda of the 2000 Summit convoked by Cardoso. The countries agreed to limit the invitations to future summits to democratic governments. Together with trade and infrastructure, the extension of MERCOSUR’s democratic clause to South America was the priority of Brazilian diplomats. [[18]](#footnote-18) Regarding Peru, Brazil wanted South America to deal with the crisis, while the U.S. called for sanctions and wanted the OAS to make the decision. Democracy was the first issue mentioned in the final declaration, with point 23 referring to consultations in case of democratic breakdown.

In 2001, Argentina was hit by a devastating economic crisis that translated into violent street protests and riots. On 21 December, President F. de la Rua resigned. In a few days, Argentina saw a succession of three presidents. E. Duhalde would eventually finish de la Rua’s term in office, until the election of N. Kirchner on 25 May 2003.

On 12 April 2002, a coup against H. Chavez in Venezuela fuelled preoccupation in the region, not only over Venezuela’s political situation, but also regarding a possible U.S. cold-war style anti-left crusade. The coup failed but as a result, the second South-American summit in 2002 put a strong emphasis on democracy. Peruvian new president A. Toledo took the lead and suggested a solidarity fund to defend democracy and governability in the region, in the face of serious global financial instability (point 2 of the final declaration).

In 2004, the third South-American summit also referred to democracy and the 2001 Inter-American democratic charter. It did not include a democratic clause, though.

Ecuador was again the center of attention on 20 April 2005, when its president L. Gutiérrez was forced out of office by massive street protests. However, on 29-30 September, the first CSN meeting of heads of state in Brasilia did not include the defense of democracy on its action plan.

Bolivia hosted in 2006 the second CSN summit amidst a serious crisis situation with Santa Cruz soya growers resisting government agrarian policies. Santa Cruz governor Rubén Costas sprayed a hunger strike, opposing the voting procedure in the constitutional assembly. The “new model of integration for the XXIst century” referred to in the Cochabamba declaration included democracy as on of its core principle (*principio rector*). However, it did not include the defense of democracy in its list of objectives. The next year, the energy summit did not address democracy either, and the 2008 UNASUR treaty included in its article 2 a very brief mention to the objective of strengthening democracy.

A few months later, the context forced UNASUR to take action on matters related to the defense of democracy. The Chilean President convoked an emergency summit to deal with the degradation of the Bolivian crisis that resulted in violent incidents leading to many casualties on 11 September. In its 15 September “Moneda Declaration”, UNASUR’s members “energetically reject and do not recognize any situation that implies an intent of civil coup d’état, the rupture of institutional order, or that compromises the territorial integrity of the Republic of Bolivia.”

Then after a year 2009 busy addressing the defense issues, UNASUR was again forced to react when a crisis erupted in Ecuador on 30 September 2010. R. Correa accused the police to plot a coup to overthrow him, and an emergency summit was convened on 1 October in Buenos Aires. Lula was absent from the meeting because he was campaigning, with three days to go before the election. His foreign minister Amorin was in Haiti, coordinating humanitarian assistance. Brazil was nonetheless active. In an interview[[19]](#footnote-19), Amorin said that UNASUR had to react swiftly in order to avoid a Honduras-type of situation (where the reaction was too slow and the ousting of M. Zelaya irreversible). Understandably, Ecuador was also instrumental as R. Correa was at that time holding UNASUR’s pro-tempore presidency. In the Declaration of Buenos Aires, UNASUR members issued a strong condemn of the coup attempt and warned potential coup candidates that UNASUR would not hesitate to apply economic or political sanctions.

During the next UNASUR summit, held in Georgetown on 27 November 2010, an “Additional protocol to the constitutive treaty of UNASUR on commitment to democracy” was adopted. Interestingly, its content went far beyond MERCOSUR or CAN’s democratic clauses, regarding both the scope of application and the type of reaction. Its article 1 mentions “This Protocol shall apply in the event of a breach or threat of breach against the democratic order, a violation of the constitutional order or any situation that jeopardizes the legitimate exercising of power and the application of the values and principles of democracy”.

The measures to be applied are included in the Article 4 that is worth citing in its full length:

“The Council of Heads of State and Government or, in its absence, the Council of Ministers of Foreign Affairs may establish, in the event of a breach or threat of breach against the democratic order, the measures outlined below, for the purpose of re-establishing the democratic institutional political process. Said measures shall enter into force on the date on which the respective decision is adopted.

a. Suspension of the right to participate in the various bodies and branches of UNASUR, as well as the suspension of the rights and benefits enjoyed under the Constitutive Treaty of UNASUR.

b. Partial or complete closure of land borders, including the suspension and/or limitation of trade, air and maritime traffic, communications and provision of energy, services and supplies.

c. Advocate the suspension of the affected State in the ambit of other regional and international organizations.

d. Promote, with third countries and/or regional blocs, the suspension of the rights and/or benefits enjoyed by the affected State under the co-operation agreements to which it is party.

e. Adoption of additional political and diplomatic sanctions”.

The scope of application of this protocol is potentially very wide, as the notion of “threat of breach” is opened to interpretation, and the sanctions are potentially very severe.

Less than two years after the Georgetown summit, UNASUR’s new democratic clause would be tested when the Paraguayan congress impeached the leftist president F. Lugo on 16 June 2012. Although the new president F. Franco claimed the constitutional dispositions had been respected, the move was highly controversial and both MERCOSUR and UNASUR were quick to react. Both blocs decided to suspend Paraguay but without applying sanctions. Ironically, the fact that Lugo signed the protocol was one of the motives evoked by the Paraguayan congress to justify the accusation of “poor performance of his duties” and ensure its demise.

*What lessons can be drawn from this narrative?*

Although the defense of democracy was a key priority of the initial south-American summits, it lost salience during the 2005-2006 CSN summits. The issue reemerged after the dramatic events in Bolivia (2008) and Ecuador (2010), showing once again that UNASUR’s agenda formation is partly driven by crisis resolution efforts.

UNASUR adopting a democratic clause is hardly surprising, though. MERCOSUR and CAN and many other regional organizations have become clubs of democracies with risks of expulsion for renegade members.

As for the defense issue, I claim that the turbulent political context of the years 2008-2010 has affected the timing of the democratic clause’s adoption and, more importantly, has shaped its content. The fact that democracy has been jeopardized in two countries exercising the presidency pro-tempore (Ecuador 2010, Paraguay 2012) has added saliency to the issue.

The scope of applicability (“any situation that jeopardizes the legitimate exercising of power and the application of the values and principles of democracy”) and the severity of the sanctions can only be explained paradoxically looking at the political polarization of the continent. If all UNASUR members share the same preoccupation regarding the stability and quality of democracy in the region, they are not likely to agree on a set of criteria to be used to assess the threats to the “values and principles of democracy”. However, there was a strategic convergence of interests between conservative sectors thinking that they might try to apply such a democratic clause to, say, Chavez-led Venezuela, and the leftist sectors keen to shield the region from U.S.-led destabilizing attempts.

In Chile, for instance, the leader of the Senate’s foreign affairs Commission, the rightist Hernán Larraín, said in an interview on 9 August 2010 that he would only ratify UNASUR’s treaty if it included a democratic clause to defend freedom in the region.[[20]](#footnote-20) Two years later, he enthusiastically endorsed the Additional protocol. His colleague Eugenio Tuma, the new president of the Commission, lamented that the clause did not extend its applicability to human rights violations, but he also voted the ratification.[[21]](#footnote-21) Meanwhile, leftist Bolivia was proud to announce that it was the first country to ratify the protocol.[[22]](#footnote-22)

These overlapping but nonetheless competing conceptions of the threats to democracy have facilitated the adoption of the Additional protocol in times of crisis, but they will hinder its enforcement. The reaction to the Paraguayan coup, expulsion without sanctions, can set a precedent.

**Conclusion**

The objective of this paper was to highlight the importance of context in UNASUR’s agenda-setting process. I considered a time-span of eight years, from the first South American summit (2000) to the signing of UNASUR’s treaty (2008) and examined three issue areas, one that was removed from the agenda (trade), one that was added (defense) and one that was always there (democracy). I used process tracing and counterfactuals argument to show that if the FTAA negotiations had not been interrupted, South America would likely have created a Free Trade Area (SAFTA) of its own. Regarding defense, its late inclusion is due to Brazil’s new diplomatic ambition under Lula. However, Bush’s war on terror and the Colombian crisis did affect the timing of the Defense council’s creation and influenced its missions. Finally, democracy was a key priority of the first summit, but it was less important to CSN’s agenda. The Bolivian and Ecuadorean crises were instrumental in giving the issue a new salience. As for defense, the crisis-resolution efforts affected the timing of the democratic clause’s adoption and shaped its the content. Table 2 summarizes these findings.

Table 2: Context as an independent variable

|  |  |  |
| --- | --- | --- |
| Issue area | Context | Effect |
| Trade | FTAA failure | Trade not on UNASUR’s agenda |
| Defense | War on terror | Affects the timing and shape the content of UNASUR’s Defense Council |
| Democracy | Bolivia 2008Ecuador 2010 | Affects the timing and shape the content of UNASUR’s Democratic clause |

Source: Author’s elaboration

As Table 2 shows, the context only had a direct impact on trade, explaining its removal from the agenda. Defense and democracy would have been on UNASUR’s agenda even in a different scenario. However, the timing and content of the policy choices regarding these two issues have been deeply affected by the sequence of events described in the above sections.

In order to make a broader causal claim regarding context-driven agenda setting, a research program would have to overcome three limitations of this paper. One, the provocative arguments developed in this paper would require further refinements, on the basis of deeper empirical research. Two, the other issue areas would have to be examined in the same line of arguments. And three, some comparisons would have to be drawn with other RIAs in the world.

Despite these obvious limitations, the paper’s main contribution to the literature is to show the importance of context as an independent variable for the analysis of agenda setting in nascent regional integration agreements (RIAs).

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1. In the rest of the paper, I use the conventionally admitted Spanish acronyms for the following agreements: Union of South American Nations (UNASUR) and its councils, Community of South American Nations (CSN), Bolivarian Alliance of the Americas (ALBA), Andean Community (CAN) and Common Market of the South (MERCOSUR). [↑](#footnote-ref-1)
2. Between 2000 and 2012, out of a total of 22 presidential summits held in South America, 11 were « extraordinary meetings ». [↑](#footnote-ref-2)
3. UNASUR in 2008 covered an even wider range of issues. However, only the ones that are addressed in a Council are mentioned. [↑](#footnote-ref-3)
4. Amoroso (2008) finds that between 2002 and 2007, Argentine and Brazilian votes in the UN General Assembly coincide in more that 80% of the cases. The same holds true for Brazil and Venezuela. [↑](#footnote-ref-4)
5. Celso Amorin, “Avanços na area de livre comércio sul-americano”, *Folha de S. Paulo*, April 14, 1994. [↑](#footnote-ref-5)
6. *Folha de S. Paulo*, 30 August 2000. [↑](#footnote-ref-6)
7. *Latin American Weekly Report*, 30 July 2002. [↑](#footnote-ref-7)
8. *Latin American Weekly Report*, 16 September 2003. [↑](#footnote-ref-8)
9. *Latin American Weekly Report*, 16 September 2003. [↑](#footnote-ref-9)
10. Registered by ALADI as Economic Complementation Agreement (ECA) 59. [↑](#footnote-ref-10)
11. Interview of José Augusto de Castro (National Confederation of Industry) and Roberto Teixeira da Costa (Latin America Business Council), *Folha de S. Paulo*, 8 December 2004. [↑](#footnote-ref-11)
12. Among them : Marco Aurelio García for Brazil and Cristina Kirchner for Argentina. [↑](#footnote-ref-12)
13. ALADI-CAN-MERCOSUR, *Convergencia de los acuerdos de integración económica en Sudamérica*, 2006. Given that there are 45 pairs of countries in South America, the report studied 90 trade relations, in order to account for asymmetrical trade preferences between them. [↑](#footnote-ref-13)
14. In addition, many countries signed bilateral agreements. The most emblematic is the 1991 Argentina/Brazil agreement for the exclusively peaceful use of nuclear energy. [↑](#footnote-ref-14)
15. Nine countries took part: Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Paraguay, Peru and Uruguay. [↑](#footnote-ref-15)
16. Núcleo de Assuntos Estratégicos (NAE), *Projeto Brasil 3 tempos, 50 temas estratégicos*, 2008. [↑](#footnote-ref-16)
17. Treaty signed in 1978 by Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela. The Organization was founded in 1995, and was originally dedicated to the environmental preservation of the Amazonian natural resources. [↑](#footnote-ref-17)
18. *Folha de S. Paulo,* 30 August 2000. [↑](#footnote-ref-18)
19. *Folha de S. Paulo*, 1 October 2010. [↑](#footnote-ref-19)
20. <http://globovision.com/articulo/senadores-chilenos-pidieron-que-unasur-no-debilite-a-oea> [↑](#footnote-ref-20)
21. <http://www.senado.cl/suscriben-protocolo-de-unasur-sobre-compromiso-con-la-democracia-y-los-derechos-humanos/prontus_senado/2011-12-01/134432.html> [↑](#footnote-ref-21)
22. <http://www.lostiempos.com/diario/actualidad/nacional/20110608/bolivia-ratifica-protocolo-adicional-al-tratado-constitutivo-unasur-sobre_129089_260654.html> [↑](#footnote-ref-22)