

***New Power Relations in Latin America  
and their Global Influence***

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## **New Power Relations in Latin America and their Global Influence**

Significant changes have taken place in the distribution of political power in Latin American countries over the past decade, at both national and hemispheric level. A growing trend toward trans-regionalisation is evident in the political and trade relations of these countries. Changes in regional power dynamics have been further hastened as Latin American countries have distanced themselves from the United States. Moreover, the weakness of US hemispheric policy, resulting from the loss of strategic regional influence, has been compounded by the political and ideological changes in Latin America over the past decade.

To better understand these developments, the Norwegian Peacebuilding Centre hosted the conference – New Power Relations in Latin America and their Global Influence – in October 2009, in collaboration with the Department of Political Science of the University of the Andes, Colombia. Participants included Latin American political analysts, members of the Norwegian Ministry of Foreign Affairs and the Norwegian diplomatic corps in the region. This report summarises the main ideas presented during the conference.

### **I. Inter-Regional Relations**

#### ***1. Economic and political globalisation***

Conference participants agreed that Latin America has not been excluded from the globalisation processes that today govern global economic, political and cultural relations. Some viewed globalisation not as a single process but as a combination of various simultaneous processes which are characterised by the fragmentation and redistribution of global power (multipolarism) associated with the increasing transfer of national sovereignty to supranational mechanisms.

Within the context of globalisation, emerging regional powers have increasingly called for the democratisation of the international multilateral arena, and in a number of Latin American countries this demand for international democracy has been accompanied by a shift to left-wing governments. These administrations have opened up new avenues of political participation, formerly reserved exclusively for national and international elites, to segments of the population who were previously marginalised from both national politics and international power relations.

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A good example is Bolivia, where there has been an unprecedented emergence of new democratic institutions adapted to its specific multicultural profile.

The governments of these nations are subject to political demands that aspire to a state focused on national popular needs, rather than a state that responds to supranational reasoning or demands far removed from recently enfranchised population segments. Consequently, regional integration in the globalisation process is unfolding in tandem with a strong democratising element at the national level. Consistent with internal political shifts, governments in the region are calling for the expansion and democratisation of international multilateral arenas and institutions. This has introduced a new element in international politics, as international actors are increasingly forced to adapt their foreign policies to the new ways emerging countries are integrating into the international arena.

In this context, it is useful to consider the entire hemispheric political scene as one in transition, a process coinciding with global change. Global power structures in particular are being transformed due, among other reasons, to the increasing presence of non-western emerging powers.

### **Uncertain times**

In Latin America, this shift has been primarily characterised by a high degree of uncertainty, attributable to a number of reasons: a gradual opening up to the world, with a specific focus on the Pacific, the

Atlantic and Asia; increasing intra-regional exchange; political instability caused by successive changes of president as a result of social mobilisation; the rise of left-wing movements, which have created opposition forces rooted in broad social bases; growing presidentialism, resulting in increased personalism in regional political relations; fragmentation of regional integration processes and the ineffectiveness of some existing regional multilateral mechanisms; and the existence of unresolved internal conflicts within and between some Latin American countries, which has involved the amassing of weapons to modernise armies and to maintain regional military balances.

This transition is not necessarily progressive as it also comprises reactionary and conservative elements. There has been an alarming decline in the quality of democracy in some Latin America countries, as evidenced by the coup d'état in Honduras in June 2009, a result of the instability created by the popular demand for more effective democracy, as well as the lack of political pluralism seen in some Andean countries. In short, although we may not be able to identify one single trend in the hemisphere, there is a clear divergence between countries with a greater level of institutional democratic development and those that appear to be regressing.

### **Regional integration mechanisms**

Although agreements and institutional practices have always varied in the region, intra-regional differences have become more pronounced in recent years. They are

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particularly evident in defence, an area in which it has been impossible to reach a common hemispheric position. Security is another area, as it has not been possible to identify a common position on the fight against organised crime and drug trafficking.

The difficulties in adopting common positions and policies on regional and hemispheric issues are exacerbated by a crisis in regional integration projects, as evidenced by the Andean Community of Nations (CAN), the Common Market of the South (Mercosur) and the Union of South American Nations (Unasur). It is also clear in the failure of the Organisation of American States (OAS) to achieve any definitive success in complex situations such as the coup d'état in Honduras, the conflict between Ecuador and Colombia, or even in managing problems such as drugs and organised crime. Consequently, some conference participants consider this to have been a lost decade for integration in Latin America.

Although Unasur aims to progress beyond free trade agreements, a more streamlined integration must take place within the organisation to accomplish this, one which expands its current role as a forum for discussing problems and seeking solutions for South America as a whole. However, Unasur has also highlighted the cooling of relations between Brazil and Mexico (the latter of which is not a member of the new organisation), thus affecting future regional political co-ordination. This has inevitably created tension with Mexico, although the country's future membership is not ruled

out. Furthermore, President Calderon's participation in the Latin American and Caribbean Summit on Integration and Development in Bahia in December 2008 evidenced the possibility of co-ordinating regional positions.

This trend may worsen as a result of four key factors: the growth of political nationalism; an increase in intra-national social differences; weapons proliferation and an increase in military spending; and environmental degradation. In these areas, Latin America has abandoned the principles, commitment and traditional foundations of full regional integration, prioritising instead national interests and policies.

### **New international economic relations**

These divisive tendencies have been spurred by the new international economic relations that have emerged in the region in tandem with globalisation. Although historically Latin America has not been isolated from the prevailing economic flows, it has demonstrated a limited capacity to act in the international economic arena. However, this is a trend that now appears to be changing.

The recent creation of the Community of Latin American and Caribbean States as a regional political forum has provided a clear demonstration of Mexican diplomatic ingenuity, marking a step forward in the reorganization of Latin American power relations. Although the inclusion of all Latin American states goes some way towards repairing the weakened Brazilian-Mexican axis, and creates a new and more positive

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environment for future political coordination, this new organization is still far from contributing to actual regional integration.

From a global perspective, interests have converged between emerging economies, where internal growth requires an increasing volume of raw materials and energy resources, and Latin American countries, which have the necessary supply capacity. The latter have gradually strengthened their trade ties with extra-regional powers such as China, Russia, Iran and India.

China is now the main market for products from various Latin American countries, including Brazil and Chile and the Asia-Pacific region has overtaken Europe as Latin America's main market. Mexico is a member of the OECD and Chile is expected to join in the near future; and the fight against protectionism has made its way into the Doha negotiations. Latin America currently has 42 free trade agreements in effect with more than 100 intra- and extra-regional countries. Against this backdrop, it is inaccurate to claim that Latin America has lost its global economic significance.

### **Expanding diplomatic relations**

Meanwhile, the region's raw materials, particularly those related to energy, are increasingly sought after in Brazil, Argentina, Venezuela and Bolivia. In contrast, other countries, for example Mexico, have been adversely affected by the international financial crisis, hindering efforts to reduce poverty, which reached

historic levels in the past decade. It should also be pointed out that as global prices for certain agricultural products rise, affecting the poorest people in the poorest countries, tensions may also mount in the region.

Latin America's relative isolation from the historical centre of global political, economic and cultural gravity has diminished significantly over the last fifteen years, as evidenced in the diversification of diplomatic relations. The presence of Latin American embassies in global cities is increasing (such as Delhi and Moscow), as is the number of new Latin American diplomatic missions (Venezuela and Brazil) in Africa; Brazil is leading the reform of the Security Council and of several international financial institutions; and Argentina, Brazil and Mexico are negotiating the inclusion of Latin America in the Group of 20.

Chile provides yet another example of growing extra-regionalisation in foreign relations. For five weeks during the Progressive Governance Conference and the Africa-South America Summits in 2009, President Michelle Bachelet met with approximately 70 heads of state and national leaders – an unprecedented number for a Latin American country.

### ***2. Impact of the financial crisis***

The impact of the financial crisis on the region has been varied. Trade was adversely affected, bringing to light inadmissible protectionist policies. However, the crisis also evidenced progress in social inclusion policies, which palliated its negative effects

in most of the region. Adverse effects included a reduction in remittance flows, which contracted approximately 30% compared with previous years. Moreover, tourism revenues declined, and US and EU migration policies were tightened, affecting Latin America's most vulnerable populations, while at the same time reducing some countries' institutional capacity to fight poverty.

While conference participants acknowledged joint efforts to combat the crisis, for example those undertaken at the G20 summit, it was felt that the opportunity to use the financial crisis to reactivate regional cooperation through existing mechanisms was largely overlooked. Unfortunately, countries opted instead to defend their own national interests to the detriment of collective benefit. Ongoing bilateral tensions have also hampered increased regional cooperation.

Although some analysts expressed concern that the creation of new post-crisis models and ideologies, based on an analysis of the structural problems revealed by the financial crisis, had been prevented by the rapid recovery, Latin America did appear to offer a number of solutions to the failed neo-liberal model. Measures taken to combat the crisis included anti-cyclical policies to protect the most needy; social protection models and policies that included health, education and housing vouchers; state initiatives to regulate markets; and efforts to boost institutional transparency, which are beginning to take root in the region. These policies suggest the creation of a new welfare state, financed by the temporary

economic boom in the region; however, as this is not expected to be long-lasting, these responses to the crisis could also be short term.

### ***3. Democratisation, presidentialism and neo-populism***

In recent years Latin America has seen a marked trend toward greater democratisation. Several countries have implemented structural reforms aimed at including historically marginalised social groups in the public sphere, such as the constitutional reforms carried out in the Bolivarian bloc countries. Yet, a parallel movement has become evident in other countries, which has created a popular clientelism, while introducing restrictions in other areas, for example on freedom of the press, on the pretext that they are typically used by the oligarchy against the interests of the people.

Conversely, the Honduran case revealed such a multiplicity of dysfunctions among institutions, élites, popular sectors and non-violent democratic practices during efforts to resolve the political crisis, that the incapacity of these weak democratic institutions to accommodate growing popular demands for political openness was made clear.

### **Social inclusion and presidentialism**

To sum up, while calls for political openness have historically led to the establishment of authoritarian regimes throughout the region, there is now an institutional shift aimed at

political and social inclusion. At the same time, the broad hemispheric and international rejection of the coup d'état in Honduras demonstrates the depth of support for regional democratic ideals.

The process of deepening democratisation has not been uniform throughout the region, however, as there have been simultaneous steps backward. In fact, some countries are instead witnessing strong presidentialism propped up by neo-populist policies, and accompanied by democratic deinstitutionalisation.

This trend is also visible in regional foreign affairs in the form of presidentialist diplomacy, a time-honoured and significant practice at various periods in regional history, particularly during border conflicts. However, its abuse tends to intensify the crisis of multilateral regional institutions. In these cases, the drive to renew broad social support is instrumental in concentrating power in the presidency, resulting in increased personalism.

The overall effect of this trend toward democratic deinstitutionalisation is a strong social polarisation between the left and the right due to the strengthening of the messianic leadership associated with popular personalism. Where there is a conflict of interests, this type of leadership does not embrace institutional mediation nationally, or diplomatic mediation internationally.

In other countries, however, democratic changes have not led to neo-populism, resulting instead in a significant

transformation of democratic culture. For example, Brazil's president is a former labourer and union member, Bolivia has an indigenous president, and the presidents of Chile and Argentina are women. Likewise, the implementation of anti-cyclical policies to protect the poor during the recent financial crisis highlights a protectionist attitude toward popular interests. These factors point to a deepening democratisation, unparalleled in previous decades.

### **Institutional controls necessary**

It would be an oversimplification to say that the polarity between neo-populist regimes and those undergoing a deepening democratisation is an overriding characteristic of the Latin American political landscape. Countries tend to exhibit a combination of both traits, with one or other factor predominating. Ecuador and Bolivia's democratic stability (the latter after nine consecutive overthrown presidents), for example, are significant advances, especially when personalist leaders still exist. The cases of Brazil and Chile, where strong presidentialism has not been tempered by populist tendencies, are also hopeful.

Moreover, although poor economic management has historically characterised populist governments, this has not been the case during the past decade in Latin America. Countries in the region have not suffered excessively from the financial crisis, and indeed some have been able to prudently increase their global market

exposure, while others are enjoying a financial boom as a result of high commodity prices.

Acknowledging that presidentialism has been a common historical institution in Latin America, participants noted that the region should now take steps to strengthen institutional controls on presidential power.

### **4. 2010 elections**

The upcoming electoral period in several countries in 2010 will be a determining test for many of these current trends. The current lack of clarity in the game rules in countries such as Colombia, Venezuela and Honduras is cause for concern. The impunity of the coup d'état in Honduras, the erosion of political pluralism in Venezuela and the confusion surrounding the re-election of President Álvaro Uribe in Colombia have cast serious doubts on whether democratic principles will continue to be upheld in these nations.

Elections in Brazil could also change the type of leadership the country has known thus far under President Lula da Silva, who is credited with the high symbolic value that Brazilian leadership currently enjoys both regionally and globally. In the context of a recently strengthened opposition in Argentina, the 2011 presidential elections, in which alliances and pre-candidate jockeying are already evident, create uncertainty about the next administration in that country.

Likewise, legislative elections in Venezuela in December 2010 will be crucial in establishing the state of opposition-government relations. The 2012 presidential elections in Mexico, which is in the midst of a bloody domestic confrontation between drug cartels and security forces, could pave the way for a new government comprised of the current opposition leaders. If this occurs, it could have far-reaching effects not only for PAN's right-wing policies, but also for hemispheric relations as a whole.

In brief, transitional uncertainty will continue to dominate the regional political scene, and will likely be reinforced by upcoming elections.

## **II. Extra-Regional Relations**

### ***1. Hemispheric powers: the United States, Mexico and Brazil***

Conference participants acknowledged the growing gap between the US and Latin America, a result of the end of the cold war and an expanding, multipolar international arena. Furthermore, over the past decade, Latin American governments have criticised and rejected both the Bush administration's anti-terrorist policies and US hemispheric initiatives such as the Free Trade Area of the Americas (FTAA), which was finally shelved in Mar del Plata in November 2005.

Discussions on international free trade have generally been held outside the region, in Doha or in the Group of 20, with Argentina, Brazil and Mexico representing Latin



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America. Multilateral Latin American institutions have also presented new proposals, for example, at the 7<sup>th</sup> Summit of the Bolivarian Alliance for the Americas (ALBA), held in Cochabamba in 2009, the *sucre*, a new currency for commercial trade, was approved to replace the dollar.

The isolation of the United States in the region is evident in the economic, political and military spheres. This does not mean, however, that the US has abandoned its hegemonic intentions in the hemisphere, as evidenced by the revitalization of the Monroe doctrine in response to the increasing presence of new extra-regional actors, particularly Iran. Though it was acknowledged that the United States is still important for some countries, such as Colombia, it was also felt that the US must define its new role more clearly. This led to the question of how best to fill the hegemonic void left by the United States.

### **Filling the hegemonic void**

Although Mexico and Brazil emerged as regional powers after the cold war, neither appear to be making any significant contribution to regional development. It could be said, then, that Latin America does not have clear leaders, but rather, a number of strong countries preoccupied with addressing national concerns and responding to their citizens' demands rather than contributing to the regional collective good. Accordingly, these countries have not demonstrated an ability to fill the regional hegemonic vacuum.

In this context, some analysts suggested that, as Unasur is not a source of regional stability, an attempt should be made to increase the involvement of other regional powers such as Canada, Mexico, or Brazil, in order to offset the absence of the United States. This would, among other things, help to address the issue of Central America. Increased involvement from Spain was another option mentioned, taking advantage of Spain's upcoming EU presidency to strengthen multilateral inter-regional ties. The next EU-Latin America could provide an opportunity to more clearly define these relations as bilateral or multilateral, or a combination of both.

Rather than being regarded as a country closely integrated with the United States and Canada through NAFTA, Mexico was viewed as self-absorbed, preoccupied with the internal political divisions that have paralyzed the government and its extreme public security crisis which, together, have forced the country to withdraw from regional dynamics.

Since signing NAFTA, Mexico has shifted significantly from an exporter of raw materials to the largest exporter of manufactured products in Latin America, and regional trade has grown significantly, buoyed by a wide range of bilateral treaties. The free trade agreement with Canada and the United States has however been exhausted, since full implementation of all NAFTA's stipulations has not been possible, in particular those regarding arbitration mechanisms.

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The advent of terrorism, negative US migration policies after 9/11, and an increase in border security have limited free transit, further exacerbating this situation. According to recent opinion polls, 65% of Mexicans define themselves as Latin Americans, 30% as citizens of the world, and the remainder as North or Central Americans. All these factors could stimulate new relations with Latin America as the 2010 Cancún summit showed.

### **Brazil's role in regional leadership**

Brazil is an effective regional leader in the promotion of integration and its future role was viewed with growing hope, although tempered by some mistrust. Brazil is intent on assuming a regional and global political role that corresponds to its growing economic weight. The challenge is finding a regional role compatible with the country's size, which does not create mistrust and which, at the same time, benefits the rest of the region.

Consistent with its ambition to gain a permanent seat on the UN Security Council, Brazil has presented itself internationally as fulfilling an extra-regional political role. Its attempts to act as a mediator in the Middle East are evidenced by Chancellor Celso Amorim's visit to the Arab countries during the 2008-2009 crisis. Brazil has also established international multilateral alliances such as IBSA (India, Brazil and South Africa) and BRIC (Brazil, Russia, India and China). In short, Brazil is looking to play in the world's big leagues.

Brazil's foreign relations in Latin America are characterised by four main features: encouraging cooperation within Latin America; acting as a mediator in regional disagreements; avoiding regional disagreements; and refraining from publicly criticising elected regional leaders. Consequently, some participants felt that it was inaccurate to state that Brazilian policy has hegemonic intentions in the region. On the contrary, the country's social policies, which have been effective in the areas of social inclusion and economic growth, could serve as a model and provide a source of hope for the region.

In contrast, other participants expressed doubt about Brazil's effective regional role, pointing to the fragmentary effect caused by the creation of Unasur without Mexico. Viewed from this standpoint, it was felt that what is good for Brazil is not necessarily good for Latin America, and that the institutionalisation that benefits Latin America must benefit the whole region, not just one country.

A shared leadership between Brazil and other countries was also discussed as an option as none of the region's new strategic partners are capable of filling the hegemonic vacuum left by the United States. China, for example, has no intention of stepping up. EU countries prefer bilateral agreements over regional ones because Latin America is not a strategic region for the European Union. Participants felt that shared leadership on a sub-regional scale could provide an effective solution that would enhance consensus

building. The problem with this, however, is that there is no sub-regional agreement currently in effect that could fill this gap.

## ***2. New actors: Iran, China, Russia, India and the European Union***

Participants confirmed the trend towards the redistribution of world power, as reflected in global issues such as the UN Security Council reform, current membership of the G20 and the presence of extra-regional powers in Latin America. The region has not been removed from the rise of new global powers and in fact Brazil could well become one of these new actors, a goal clearly reflected in its foreign policy.

The diversification of extra-regional relations in the hemisphere was considered highly positive in that it multiplied the opportunities for beneficial political and trade associations and alliances. Consequently, extra-regional links were viewed as a varied geometric map, a tapestry of non-traditional links weaving regional blocs together in hitherto unknown ways. This scenario was not viewed as problematic for the region but rather as another element in the natural differentiation and fragmentation of regional interests.

### *Iran*

Iran has established strong ties with various countries in the region, implementing policies that reinforce its strategic interests. In particular, it has signed trade and energy agreements with Brazil, Nicaragua, Venezuela, Bolivia, Paraguay and Ecuador.

Although Iran's relations with Venezuela were initially based on petroleum, they have broadened to include activities such as uranium deposit exploration and weapons purchases. Tehran and Caracas have signed a number of memorandums of understanding on technological development, co-operation in finance and banking, oil and gas exploration and refining, and uranium deposit exploration and testing in remote areas.

Other developments include the establishment of an office of the International Development Bank of Iran, attached to the Export Development Bank of Iran, in Caracas. In April 2008, a memorandum of understanding was signed on military support and cooperation, which subsequently boosted Iranian arms sales to Venezuela to US \$4.5 billion. There is now a weekly Tehran-Caracas flight, a joint Iranian-Venezuelan bicycle factory in Tinaquillo, and the Iranian population in Caracas has grown from 200 to 2,000 in two years. On 25 November, during President Mahmoud Ahmadinejad's fourth visit to Venezuela, a new bi-national fund for the development of Venezuelan agricultural and industrial production was inaugurated.

### **Strengthened trade relations**

Brazilian President Lula da Silva, who received President Mahmoud Ahmadinejad on 23 November 2009 in Brasilia, will visit the Middle East in 2010. As Lula stated during the G20, Brazil maintains good trade relations with Iran and aims to reinforce them; dialogue with Tehran continues to be important; Brazil supports an Iranian nuclear

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programme that complies with international laws; and, in clear opposition to US policy, Brazil opposes the diplomatic isolation of Iran.

Iran has agreed to develop Bolivia's gas reserves and has shown interest in buying Bolivian uranium and lithium. Several memorandums of understanding have been signed between the two countries on hydrocarbons, mining, industrial production, agriculture, infrastructure, water, forests, culture, science and technology, natural resources management, construction and manufacturing.

Between 2007 and 2008, Iran and Nicaragua negotiated 24 projects, representing a total investment of US \$1 billion, in areas including energy plants, housing projects for the poor and milk processing plants.

Nevertheless, despite the volume of trade and its strategic energy and military agreements, Iran's relations with the region could be complicated by cultural issues such as language, gender relations and business codes of conduct.

Lastly, US apprehension over Iran's presence in the region was raised, but participants considered that US opposition to Iran should not deter trade, or political and military relations between Latin America and the Republic of Iran, particularly given that Latin American countries had no disputes with Iran.

### *China*

Although Chinese interests in Latin America are primarily trade and energy related, they also have political implications; for example China National Offshore Oil Corporation is negotiating the acquisition of Norwegian StatoilHydro's licences in US waters (in the Gulf of Mexico), which is the source of almost 25% of US oil production.

China strengthened its regional footprint when it became a member of the Inter-American Development Bank (IDB), with a US \$350 million contribution. Moreover, the Chinese Development Bank, depository of massive dollar reserves, has become a significant political player by offering multi-million dollar loans: a US \$1 billion loan to Ecuador for a hydroelectric plant; a loan of \$10 billion in Chinese currency to Argentina; and US \$138 million to Jamaica.

China has also boosted its commercial presence in Latin America. Trade between the two grew more than tenfold between 1997 and 2007, and currently represents 10% of Latin America's total foreign trade, which means there are significant opportunities for further growth. In addition, the Chinese Development Bank has offered to invest US \$10 billion over a period of 10 years, primarily in the energy sector. As a result of this Chinese capital injection, Petrobras will triple its oil supply to China.

Moreover, China's management of its mining sector is similar to that of various countries in the region, such as Venezuela. China has backed the exploitation of oil

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resources in the Rio Orinoco belt, which boasts the largest reserves in the world, with an investment of US\$16 billion until 2012. Politically, Venezuela and China have established a number of special agreements to capacitate the Venezuelan socialist party.

China's growing presence in the region has not been significant strategically, as evidenced by the absence of anti-Chinese coalitions or any notable US opposition, unlike the US' cold war response to the Soviet Union presence or its current opposition to Iran's presence in the region. However, the Chinese footprint has had political effects, such as its successful pressuring of Costa Rica to reject its acknowledgement of Taiwan in favour of Beijing.

Nevertheless, it was felt that China would not become a traditional hegemonic power, since it is not the country's intention to provide global policies. China's ambivalent position in the global system was also noted, given that it still plays the role of an underdeveloped country in some multilateral organisations.

### *Russia*

Moscow has pledged to strengthen its relations with Latin America. As President Dmitry Medvedev said to Chilean President Michelle Bachelet in Moscow: "Moscow intends to establish with the Latin American nations full, deep and mutually beneficial ties." Russian military cooperation with Venezuela is noteworthy with weapons sales

totalling \$4 billion since 2005, and a further loan of \$2.2 billion currently being negotiated.

Other developments include President Medvedev's visit to Caracas, the hosting of two Russian strategic bombers by Venezuela in September 2008, and joint manoeuvres between the Russian North Sea Fleet and the Venezuelan navy in November 2008.

Despite these recent political-military ties with Venezuela, Russia may encounter cultural problems due to language barriers and, more importantly, the Venezuelan military's traditional reliance on the United States. It is also worth noting that Venezuela's military purchases were made out of necessity and not as a strategic policy, as a result of the US's refusal to sell weapons to Hugo Chavez's administration. A few analysts noted that Russia was also initially hesitant to comply with Venezuela's requests.

Other Russian initiatives include a new canal project in Nicaragua, expected to rival the Panama Canal, and strengthened ties with Guyana.

### *d) India*

The current trade volume between India and Latin America is on a par with that of China and Latin America (10%), and could also increase in time. Additionally, and in contrast to China, trade with India could boost technology transfer owing to India's highly developed technology and information industry.

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New opportunities arising from India's presence in Latin America include an investment agreement between the Bolivian government and India's Jindal Steel & Power Limited (JSPL), totalling \$2.1 billion over the next eight years, for the exploitation and industrialisation of iron and magnesium reserves in the El Mutún iron ore deposit in SantaCruz.

### *e) European Union*

The European Union has renounced multilateralism, opting instead for bilateral negotiations with individual countries. Brazil, which is viewed as a "special partner", has negotiated a US \$10 billion loan with the EU for petroleum production.

Brazil has also purchased (or plans to purchase) goods and services from France totalling US \$20 billion. These include four conventional Scorpene submarines and the manufacture of a nuclear submarine hull; the construction of a naval base and shipyard in Rio de Janeiro; 50 combat transport helicopters (to be assembled in Brazil by Helibras together with the participation of local suppliers); and the planned purchase of 36 Rafale combat aircraft. Obviously, military technology transfers on this scale are not immune to regional and international geopolitical impact, and will strengthen Brazil's strategic influence worldwide.

Some analysts viewed Europe as a privileged extra-regional partner due to its cultural affinities with the region. In general, however, Europe is currently considered to be out of sync with Latin America,

maintaining relations only in contentious issues such as drug trafficking, human rights and migration, rather than establishing a more broad-based programme of cooperation and collaboration.

### **3. Security, the military and the arms race**

Recent weapons purchases in the region (Venezuela from Russia and Iran, Brazil from France, and Chile from France and the US, among others), have created the impression that the region is embroiled in an alarming arms race. This view was countered by various analysts, however, who felt that while rearmament is undeniably taking place, it should not be considered an arms race. Instead, it is really a process of military modernisation that was not possible previously. Others felt that the larger issue, namely the legitimate access to modern weapons, concerns the effective integration of the armed forces in democratising societies.

There is no doubt however that the military issue is back in the spotlight and likely to remain there, which could have serious repercussions for regional stability. The coup d'état in Honduras, US presence on Colombian military bases, and the military presence in Haiti all contribute to a militaristic panorama on the continent. Arms modernisation, along with institutional weakness and ideological disputes between some countries (Venezuela and Colombia, for example), heighten regional insecurity.

The military issue, or the “securitisation” of the regional agenda, is not limited exclusively to national defence. State-building is becoming militarised and security has become an export, as evidenced by Colombia’s assistance in Afghanistan’s war on drugs. This securitisation has political implications: when an issue or problem is approached from a military perspective, it is removed from public debate and weakens the civil institutions that are qualified to resolve it. Securitisation is further strengthened by US policies, which have a direct influence on countries in the region through the US Southern Command.

Consequently, it was felt that the military question should be subject to further public debate. Brazil was cited as an example as, during the period of democratic transition, military issues were considered taboo subjects that could only be discussed by members of the armed forces. Questions were posed on how to ensure that weapons assist peacebuilding, and on defining the military’s role in a democracy. A number of analysts felt that the South American Defence Council would be a suitable forum for further discussion of these issues.

### **III. Co-operation frameworks**

#### ***1. South-south co-operation***

South-south co-operation with Africa is particularly noteworthy, as evidenced by the South America-Africa summits in recent years. Between 2002 and 2006, trade

between Brazil and Africa tripled from \$5 billion to \$15 billion. Consistent with expanding diplomatic-trade ties, Venezuela has doubled its diplomatic missions in Africa, now boasting a presence in 47 of the continent’s 53 countries.

In the first South America-Africa Summit (29-30 November 2006) in Abuja, Nigeria, 60 heads of state and 900 delegates from 53 African countries and 12 South American countries signed co-operation agreements on energy, mining, fossil fuels and renewable energy. In addition, eight working groups were created between the African Union and Unasur.

At the second Summit (14-19 September 2009) in Porlamar, Venezuela, the Bank of the South (Banco del Sur) was established with \$20 billion in capital to finance joint projects, and agreements were signed on energy co-operation. The two regions, which boast large producers such as Venezuela and Nigeria, together represent 24% of the world’s total petroleum reserves. Venezuela alone signed eight joint ventures in energy, with countries including South Africa, Sudan and Cape Verde.

#### **Adverse effects of extra-regional ties**

In respect to south-south co-operation, it was felt that the region’s international reach has both positive and negative elements, such as the possibility of increasing domestic production capacities, on the one hand, and the risk of intensifying the fragmentation of regional co-operation efforts and institutions, on the other. The de facto obsolescence of GRULAC (Latin American and Caribbean

states) in the United Nations was cited as an example. Also, certain bilateral relations could provoke extra-regional tensions in the region by importing conflicts from elsewhere.

Concern was also expressed over the undemocratic credentials of some new extra-regional partners. Given that trade relations cannot be completely separated from cultural and political relations, the impact of these new relations on regional democracies was questioned. It was felt that the authoritarianism and disregard for human rights in countries such as China, Russia and Iran might weaken national democratic beliefs in the region. However, it was pointed out that Latin America's bloodiest dictatorships took place during the cold war between the United States and Europe. Accordingly, Latin America should not attempt to export democracy by submitting its new extra-regional partners to a test of democratic values.

Discussion on south-south relations also focussed on the importance of analysing the presence of non-state actors, such as organised crime whose activities, in addition to the drug trade, include toxic waste, prostitution, white-slave traffic and mercenaries. The ability of non-state actors to establish strategic alliances with regional actors reveals regional weaknesses in public security, and in regional democratic governance.

Lastly, questions were raised about the reaction and role of right-wing elites in this new scenario and strategic international

shift. As the prevailing economic and foreign policy models in the region differ significantly from those traditionally espoused by these conservative elites, the effects of changes in presidents, and the arrival of right-wing governments on the foreign relations of these countries remain to be seen.

### *2. Regional co-operation frameworks*

Given the absence of hegemony in the region, questions arose about the role of regional integration mechanisms and the effectiveness of multilateralism in addressing the main problems and challenges of the nations in the hemisphere in a coordinated way.

As the only body with the capacity and institutional development to propose regional policies, the Organization of American States (OAS) has the potential to become the main hemispheric actor. Brazil believes the OAS is the most suitable forum for implementing co-ordinated actions on issues affecting the entire hemisphere, and the Honduran case is an ideal opportunity for the organisation to convey what type of democracy is desired in Latin America. Credit should be given for progress made in the inter-American system of human rights and in the organisation of multilateral meetings, which only 40 years ago would not have been possible. Consequently, the Organisation's potential for progress was underscored.



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Nevertheless, on occasions the OAS itself has been responsible for regional fragmentation; in addition, its capacity for preventive action is limited, and it tends to act reactively. Additionally, the organisation has not filled the security vacuum left by the United States. Although the region has attempted to approach security issues on a hemispheric level, reaching a consensus in this area has been extremely complex. With the exception of the Inter-American Commission on Human Rights, OAS bodies are considered to be both politically and economically weak. Even external bodies such as the Carter Commission have been more effective than the OAS on certain occasions.

Some analysts felt that now is the time to redefine the Democratic Charter, clarifying why certain countries are treated differently with respect to their requests, among other issues. The Democratic Charter has failed the reality check, in large part due to a lack of the tools needed to make it effective.

### **Institutionalisation and trust**

Although Unasur contains some elements of regional identity, it lacks the minimum institutionalisation required to function. Brazil and Venezuela have strengthened their positions within the organisation, but their projects lack common ground. This was evident at the 2009 Unasur summit, when the countries' positions were at odds: Brazil favoured agreement and regional unity, while Venezuela preferred a more aggressive approach.

The South American Defence Council is currently stalled. To increase its effectiveness, the mistrust that permeates Unasur must be quelled and the goals of member states must be more clearly defined. This is especially true of Brazil, the source of much of this mistrust. Furthermore, an invitation should be extended to Mexico, despite the fact that it was Mexico that initially distanced itself from the region.

Although the Bolivarian Alternative for the Americas (ALBA) has proposed sharing the region's resources, it has not yet defined how this could be carried out in the context of global capitalism. In addition, ALBA lacks strategic relations with the rest of the world. It could be said, therefore, that instead of multilateralism, Unasur and ALBA offer a bilateralism based on the ideological similarities of dominant leaders, rather than on effective mechanisms for regional integration. Although Unasur and ALBA are radically different options, they are not in fact in opposition.

### **IV. Conclusions**

The overarching conclusion is that Latin America is a globalised continent, but subject to political fragmentation. Within this context, participants viewed the diversity of foreign relations as a positive element that contributes to the democratisation of the international arena while boosting development in the region and increasing its global responsibility.

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However, new international strategic alliances contribute to regional political fragmentation in which opposing forces already clash. These centrifugal tendencies hinder the development of a strong regional voice, particularly in relation to the US, and this weakness may usher extra-regional tensions into the hemisphere.

### **How to avoid fragmentation?**

The overriding question therefore is how can regional policy be institutionalised to avoid this fragmentation? Solutions include the need to demilitarise hemispheric relations; develop an agenda for new relations with the United States, based on key issues such as drugs, organised crime and energy sector development; and strengthen the OAS, as it is the only institution sufficiently developed to establish sustainable inter-American co-operation.

However, although the OAS is a key actor in cooperation, it is neither the only one nor the main one. While the organisation must focus more on political institutionalisation and security, there is also a need for sub-regional mechanisms focussing on physical and commercial integration and promoting investment. A more detailed evaluation of multilateral regional and hemispheric organisations was necessary in order to better establish their real contribution to regional democratisation and co-operation.

### **Hemispheric security and global influence**

In terms of political development, it was felt that, in view of the strong presidentialism and current personalist and populist trends,

those in power must establish new, or improve existing, mechanisms of checks and balances over their respective executives.

Other important issues include the need to reassess hemispheric security relations, the role of military institutions in these networks, and the need to conduct a more detailed analysis of the role and policies of US military bodies in the region.

In the context of the region's new international relations, it would be useful to assess the ways Latin American countries can now contribute to improving international governance and solving global problems.

### **Norway and Latin America**

Lastly, countries like Norway, which is European but not a member of the EU and therefore has its own foreign policy, are in an excellent position to help Latin America confront these challenges and to establish a dialogue with the region on a number of key issues. Norway's experience in managing a state with advanced social protection; its effective policies in using energy revenue to support its social platform, while avoiding "Dutch disease" through generating strong returns; responsible resource management; and the implementation of progressive policies could all serve as the basis for valuable political support, which, in turn, would give Norway the legitimacy to take on a broader role in the region.

**New Power Relations in Latin America  
and their Global Influence**

Bogotá, Colombia, 28 October 2009

**Wednesday 28 October 2009**

**Morning session**

Registration and inauguration

08.30 - 09.00

Welcome address by the University of the Andes  
and a representative of the Norwegian Ministry of Foreign Affairs.

Opening remarks by Mariano Aguirre,  
Director of the Norwegian Peacebuilding Centre (Noref).

09.00 -10.30 horas

**1. New hemispheric relation – actors and projects.**

Analysis of new intra-Latin American relations: the main hemispheric actors, their projects,  
and regional and extra-continental projection.

Speaker: Marcel Biato

Comments: Ana María San Juan and Rodrigo Pardo

Moderator: Angelika Rettberg

10.30 -11.00 horas

Coffee break

11.00 – 12.30

Debate

12.30 - 14.00

## New Power Relations in Latin America and their Global Influence

Lunch

**Afternoon session**

14.00 -15.30

### 2. Latin America's extra-regional relations

Evaluation of the role and regional projection of extra-regional powers and their effect on hemispheric and intra-Latin American relations.

Speaker: Augusto Varas

Comments: Guadalupe González and Jorge Heine

Moderator: Mariano Aguirre

15.30 -16.00

Break

16.00 -18.00

Debate

19.00 - 21.00

Cocktail in the Norwegian Embassy.

## Annex 2 List of participants

### Norwegian Ambassadors

**Aasheim, Arne.** Ambassador of Norway to Mexico.

**Berggrav, Ingvild.** Advisor, Embassy of Norway to Colombia.

**Bjørndal, Martin Tore.** Ambassador of Norway to Chile.

**Eusebio, Turid B. R.** Ambassador of Norway to Brazil.

**Haugstveit, Nils.** Ambassador of Norway to Argentina.

**Holvik, Jan Tore.** Ambassador of Norway to Cuba.

**Kittilsen, Alma.** Intern, Embassy of Norway to Colombia.

**Klepshvik, Inguun.** Ambassador of Norway to Venezuela.

**Knudsen, Vibeke.** Ambassador of Norway to Colombia.

**Lilloe, Anne Vibeke.** Consul General of Norway to Brazil, Rio de Janeiro.

**Tyrihjell, Tom.** Ambassador of Norway to Nicaragua.

**Vaagen, Lars.** Ambassador of Norway to Guatemala.

### Norwegian Ministry of Foreign Affairs and the Norwegian Peacebuilding Centre (Noref)

**Aguirre, Mariano.** Managing Director of the Norwegian Peacebuilding Centre, (Noref) Oslo.

**Araldsen, Hege.** Deputy Director General and Head of the Latin America Section, Norwegian Ministry of Foreign Affairs, Oslo.

**Rødsmoen, Kjersti.** Deputy Head of the Latin America Section, Norwegian Ministry of Foreign Affairs, Oslo.

**Wiig, Aud Marit.** Director General, Norwegian Ministry of Foreign Affairs, Oslo.

### Academics and International Experts

**Biato, Marcel.** Foreign Policy Advisor, Office of the President, Brazil.

**Gaitán Pavía, Pilar.** International Consultant, Historical Memory Researcher - National Commission on Reparation and Reconciliation (CNRR), Colombia.

**García-Peña, Daniel.** Founder of the NGO Planeta Paz, Former High Commissioner for Peace in Colombia.

**González, Guadalupe.** Professor and Resercher in the Division of International Studies, Centro de Investigación y Docencia Económicas (CIDE), Mexico.

## New Power Relations in Latin America and their Global Influence

**Heine, Jorge.** Chair in Global Governance, Balsillie School of International Affairs, and Distinguished Fellow, Centre for International Governance Innovation (CIGI), Waterloo, Ontario, Canada.

**Leiteritz, Ralf.** Assistant Professor, Political Science Department, Universidad de los Andes, Colombia.

**Lubenau, Esther.** Regional Manager for Latin America, Radio Netherlands Worldwide, the Netherlands.

**Mayorga, Fernando.** Director General, Centre of Higher Studies (CESU), Universidad Mayor de San Simón (UMSS) in Cochabamba, Bolivia.

**Ramírez, Socorro.** Professor, Institute for Political Studies and International Relations (IEPRI), Universidad Nacional de Colombia.

**Rettberg, Angelika.** Director, Political Science Department, Universidad de los Andes, Bogotá, Colombia.

**San Juan, Ana María.** Director, Center for Peace and Human Rights, Universidad Central, Venezuela.

**Tickner, Arlene.** Professor of International Relations, Political Science Department, Universidad de los Andes, Bogotá, Colombia.

**Tokatlian, Juan Gabriel.** Professor of International Relations, Universidad Torcuato Di Tella, Argentina.

**Varas, Augusto.** President, Equitas Foundation, Chile.

**Zepeda, José.** Director, Latin American Department, Radio Netherlands, the Netherlands. .