

NOREF Report

CELAC: a voice for Latin America and the Caribbean?

The complex challenge of giving the region a stronger voice despite its many different cooperation and integration projects

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Executive summary

This paper analyses the creation of the Community of Latin American and Caribbean States (CELAC) in Caracas on 3 December 2011, locating it within the current context of cooperation and integration in Latin America and the Caribbean. This new body is based on an agreement that includes political cooperation functions and the task of seeking inter-governmental coordination of public policies.

CELAC is not a replacement for the cooperation and integration groups that have been set up around three distinct visions: the desire to actively open up to the world (Mexico, the South American countries of the Pacific Basin and, to some extent, the Central American countries); the desire for a limited opening, subject to negotiations that seek first of all to bring about a very significant transformation in the international trading system (Mercosur); and the search for the special situation of small states to be recognised (CARICOM). Neither does it replace groups that encourage

cooperation – mainly inter-governmental bodies – in order to address what they see as the threat of globalisation (ALBA). Although the idea of coordinating sub-regional policies and processes is one of CELAC's aims, the tools it has for doing so are poor.

CELAC also superimposes itself over important sub-regional treaty-based coordinating bodies, such as UNASUR, as well as other cooperation mechanisms that extend beyond the region, such as the OAS and the Ibero-American summits.

The desire for CELAC to be an alternative body – especially to the OAS – does not enjoy regional consensus and it would be difficult to achieve with the resources the new body currently has at its disposal. The complex challenge facing it is rather to give the region a stronger and more representative voice and attempt to bring about some degree of coordination among the different visions and mechanisms being implemented.

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The launch of the Community of Latin American and Caribbean States (CELAC) in Caracas on 3 December 2011 established a new regional referent that merges the Rio Group with the Latin American and Caribbean Summit (CALC). Are we witnessing the realisation of the proposals put forward by the Amphictyonic Congress of Panama in 1826 for replacing the Organisation of American States (OAS), which some saw as establishing U.S. hegemony over the region? Or will CELAC just be a short-lived experiment bound up with the fate of President Chávez, as some commentators in the U.S. press believe?

How does CELAC fit in with the motley array of international institutions currently operating in the continent? What is its purpose and to what extent will it be able to develop its coordinating capabilities? What innovations does CELAC bring compared to the existing referents?

Cooperation or integration?

To answer these questions, we need first of all to clarify the terms “cooperation” and “integration”, which have all too often come to be used almost interchangeably. Cooperation is when states reach an agreement or come together to achieve certain (political) ends without the establishment of supranational elements, whereas integration means taking on at minimum certain obligations that need to be honoured by each of the parties independently so that eventually, through the gradual concession of competences, supranational bodies are created. Cooperation may have security, political, social or even economic objectives. While integration may also have objectives in these areas, it takes place in a context that cannot be reversed at the will of a single party. The idea that disputes should be compulsorily settled by a third party, that decisions must be taken by a qualified or simple majority and, of course, that there should be supranational bodies is present in the case of integration, but not in that of cooperation.

The origins of CELAC

CELAC emerged from the merger of the Rio Group and the Latin American and Caribbean Summit on Integration and Development (CALC).

The Rio Group, a mechanism for consultation and concerted political action, was set up in 1986, building on the experience of the Contadora Group (Mexico, Venezuela, Colombia and Panama), which had developed a Latin American response to the policies of President Reagan in Central America, and the Contadora Support Group, made up of the new democracies that had come into being in the 1980s in Argentina, Brazil, Peru and Uruguay. The Rio Group defined itself as a political referent, a democratic voice for Latin America in the world that preceded and followed the fall of the Berlin Wall, and came to be a regional substantive interlocutor with the rest of the world. At the United Nations (UN), it succeeded in articulating a common voice for the region until it was curbed by Venezuela following the initial years of the Chávez government. During the 1990s the Rio Group supported the agreement achieved at the OAS in 1991 to establish a democracy clause, which later led to the adoption of the Inter-American Democratic Charter in 2001. However, over the past ten years its work has tended to be rather routine in nature.

The Rio Group’s profile has also dropped in the face of new initiatives by Brazil, such as the European Union-Latin America and the Caribbean Summit (EU-LAC) in 1999, which led to dialogue with Europe shifting from the Rio Group to EU-LAC; the new South American regionalism that developed – mainly at Brazil’s initiative – following the South American Summit of 2000; and, lastly, the establishment of CALC in 2008 (which allows Cuba to join in the meetings of Latin America and the Caribbean), which in 2010 merged with the Rio Group at the Unity Summit in Riviera Maya, Mexico.

What is CELAC?

CELAC places emphasis on consultation and cooperation across a number of areas. As far as economic matters are concerned, it only makes one very general reference to the setting up of a working group to prepare a proposal on a Caribbean and Latin American preferential tariff, focusing mainly on facilitating trade and strengthening complementarity and cooperation between regional and sub-regional integration mechanisms.

CELAC picks up on and can project the “common legacy” of these regional political consultation initiatives, particularly that of representing Latin America and the Caribbean. However, it has to secure agreement among countries from a much broader political spectrum than the one the Rio Group was dealing with at its outset and of which a common commitment to democracy was a firm component. Now the new referent includes countries that may well formally subscribe to democratic principles, but whose practices, especially with regard to the separation of powers and public freedoms, place them far apart on the spectrum. And it also includes one country, Cuba, that has not been participating in other bodies because of differences over its political system (and its dispute with the U.S.). In addition, there are marked differences among the various economic programmes, which will be even harder to coordinate.

CELAC will also formally take on the role of interlocutor with Europe at the EU-LAC Summit in the Institutionalised Ministerial Dialogue conducted up till now between the Rio Group and the EU, as well as in the dialogues the Rio Group has maintained with countries or groups of countries on the sidelines of the UN General Assembly. However, no new ideas were adopted in Caracas with regard to the region’s foreign relations. Relations with Africa and the Arab countries have been advanced by Brazil through the Union of South American Nations (UNASUR) platform. As far as Asia is concerned, the Forum for East Asia-Latin America Cooperation, set up in the late 1990s, has had a low profile, although it is still alive. The significant involvement of countries from the Latin American Pacific such as Mexico, Chile, Peru and, more recently, Colombia in Pacific Basin institutions and the bilateral relations entered into by Argentina, Brazil, Cuba and Venezuela with China and other Asian countries have not been explicitly seen as a task for CELAC.

With regard to making regional political statements, CELAC has set up an urgent consultation mechanism, via the pro tempore presidency, that can lead to the issuing of statements or communiqués as long as no member state expressly opposes them. However, processes such as Mercosur Politico and UNASUR also still have similar such mechanisms in operation.

CELAC will continue to work for consensus on matters related to social development and the eradication of hunger and poverty; the environment; energy; the international financial crisis and foreign trade; regional and sub-regional integration mechanisms for Latin American and the Caribbean in commercial-economic, productive, social and institutional areas; and the coordination of regional initiatives concerning infrastructure for the physical integration of transport, telecommunications and frontiers, humanitarian aid, and migrants.

However, CELAC is only a forum. It has no secretarial structure and the country hosting the next summit is responsible for exercising the secretarial function pro tempore. It is not a treaty-based body; it is just a political agreement that sums up where the yearning for there to be one Latin America (including the Caribbean) currently stands.

Many different cooperation and integration processes

As far as economic integration is concerned, CELAC is just one of seven or eight different processes whose dynamics vary enormously, and the prospects of bringing them together are limited: the Common Market of the South (Mercosur); the Bolivarian Alliance for the Americas (ALBA); the situation of the South American Pacific countries (Chile, Colombia and Peru), Mexico, Central America and the Dominican Republic; and what remains of the Andean Community of Nations (CAN), not forgetting UNASUR.

In the 1990s, after having had an agreement with the EU and several other Latin American countries such as Chile and Colombia, Mexico decided to open up its economy and join the North American Free Trade Agreement. Its economy has evolved in such a way that it has become increasingly integrated into North American markets.

Mercosur (comprising Argentina, Brazil, Paraguay and Uruguay) is an economic integration project dating from 1991 whose idea of creating a common market has not been completed. Mercosur has been key to changing the vexed relationship between Argentina and Brazil by creating a space

for peaceful cooperation in various fields that has had a very positive regional effect, especially in terms of peace and security. Institutionally, Mercosur has a small Secretariat, but no effective legal procedures for settling disputes, the main crises having been resolved through decisions taken by the presidents of Brazil and Argentina. It also offers inadequate compensatory incentives to the smallest economies. Despite the fact that Brazil's trade policy is clearly export-oriented, there has been no significant increase in market openness. Together with growth of the domestic market, albeit limited by crises, it has pursued an international economic relations strategy that has sought agreements with emerging powers, but has not secured agreements with the most developed countries, which have failed to put forward bids that are acceptable to major exporters of agricultural products such as the countries of Mercosur. This was one of the main reasons why the ALCA (Free Trade Area of the Americas) negotiations in 2006 reached stalemate and came to an end, and also explains why negotiations with the EU have been held up.

In addition, economic aspects of the agreement for Venezuela to join Mercosur have yet to be negotiated in their entirety and the question remains of how the country will adapt to the market economy that the integration mechanism operates. Mercosur also has associate members that make up Mercosur Politico, which, as well as being a specifically political forum, organises a series of sectoral and social meetings. The associate members, together with the full members, belong to Mercosur Politico and include Venezuela, Bolivia, Chile, Peru, Colombia and Ecuador.

The countries of the South American Pacific (Chile, Peru and Colombia) have implemented an open economy strategy that has boosted their growth. In this context, they have secured a series of trade agreements with countries from the region and the U.S., the EU and the European Free Trade Association, as well as (in the case of Chile and Peru) the main Asia-Pacific countries. The agreements all contain rules and procedures for the settlement of disputes. Chile and Peru are also involved in negotiations on the Trans-Pacific Partnership, which will be an extension of an agreement originally involving the P4 (Brunei,

Chile, New Zealand and Singapore). Australia, the U.S., Malaysia and Vietnam, as well as Peru, have since joined, and Canada, Japan and Mexico may also do so.

The Andean Community of Nations (CAN) – which has the most developed institutional and legal mechanisms (which, however, have not been implemented) – is still in operation, but only as a framework for governing trade relations among its members (which include Peru, Colombia, Ecuador and Bolivia). CAN, which came into being at the end of the 1960s as a project for the expansion of internal markets based on pursuing an industrialisation policy, has adopted a more open stance towards world markets, but over the past ten years has suffered various collapses due to both changes in the macroeconomic directions of several of its members and its own external negotiations: Venezuela's departure in 2006 and policy changes in Bolivia and Ecuador that are geared more to the domestic market. Negotiations on an agreement with the EU and later with the U.S. ended up splitting the group between Peru and Colombia, who terminated them, abandoning the others along the way.

ALBA, which emerged in 2004 as an agreement between Cuba and Venezuela, is also based on economic cooperation between governments and public enterprises and not on the creation of market integration mechanisms. The project is very reliant on Venezuela's resources. Cuba, Bolivia (2006), Ecuador (2009) and Nicaragua (2007) are all part of ALBA, but Bolivia and Ecuador retain their links with what remains of CAN and, similarly, Nicaragua with the Central American process. Dominica (2008), Saint Vincent and the Grenadines (2009), and Antigua and Barbuda (2009) are also part of both ALBA and the Caribbean Community (CARICOM). ALBA is more oriented towards cooperation than integration.

For their part, the countries of Central America have carried on pursuing the integration process initiated back in the 1960s through **SICA** (Central American Integration System), of which the Dominican Republic has also become a member. These countries also have a free trade agreement with the U.S. and have signed an agreement with the EU that needs to be ratified.

Since 1972, **CARICOM** has served as a common market for the countries of the English-speaking Caribbean and Suriname and in 2001 it became a single market and economy for 15 countries of the Caribbean.

This array of different cooperation and integration bodies is, of course, a product of history. It shows how difficult it has been to persist with common policies in many of these projects and also that the establishment of alternative options has been heavily influenced by the foreign policies of some of the leading countries. Although all Latin American governments have been keen to join these mechanisms, they have done so only as long as it does not significantly affect their domestic policies.

Without a permanent secretariat, it will not be easy for CELAC to develop coordination between the different integration and cooperation mechanisms that exist in Latin America and the Caribbean, and, at least in the short and medium terms, merging them appears unthinkable. Each of the mechanisms mentioned has bodies that operate independently and in most of them there are ongoing parallel processes for coordinating policies at ministerial level.

In addition to all of the above, there is **UNASUR**, a South American cooperation project based on the Brasilia Treaty of 2008, the objectives of which also concern coordination and cooperation, but only within South America, and which has an incipient general secretariat. However, given Venezuela's opposition, the UNASUR treaty also did not as such propose merging the sub-regional economic integration processes (CAN and Mercosur) and focuses mainly on political aspects and the coordination of public policies.

To further complicate the matter, two organisations that transcend Latin America and the Caribbean need to be considered: the **Ibero-American Summit** – at which Spain and Portugal have been meeting up with the Spanish- and Portuguese-speaking countries of Latin America and the Caribbean since 1991 – and the **OAS** – set up in 1948, and which today comprises all the countries of Latin America and the Caribbean, with the exception of Cuba, as well as the U.S. and Canada.

The former has an Ibero-American Secretariat as well as cooperation budgets, mainly from Spain. The OAS has a strong organisational and diplomatic structure in Washington, DC, as well as various cooperation mechanisms on a range of issues (public security, anti-terrorism, defence, drugs, education, culture, science and technology, health, social development, human rights, women, children and youth, infrastructure and transport, communications, agriculture, etc.). Yet a further example of inter-American links is the **Summit of the Americas**, a periodic meeting of heads of state and government held with the support of the OAS and other regional and global international organisations and which also holds some periodic ministerial meetings.

What will CELAC be able to achieve?

The many different forums and bodies that act in different public policy fields in Latin America and the Caribbean in response to different mandates demonstrate the difficulties of coordinating cooperation among such a large number of forums and institutions with different mandates that include different combinations of countries from Latin America and the Caribbean, as well as, in some cases, the U.S. and Canada or Spain and Portugal.

In summary, it can be said that the establishment of CELAC is a renewal of the urge to have a regional vision that since 1986 has been realised through the Rio Group, but which is now taking place against a background of a much more complex and diverse regional political spectrum and a vast array of cooperation and integration projects that are either ongoing or in crisis. Furthermore, CELAC has not been assigned all the tasks involved in being the region's interlocutor that are currently being carried out by smaller country groupings (such as UNASUR) or several of the abovementioned integration and cooperation bodies.

An organisation such as CELAC is unlikely to become a point of consensus unless its member states give up pursuing their own specific interests. Members include Mexico and the countries of Central America, whose

international problems are very directly bound up with the U.S.; the Caribbean region, which is also a neighbour of the North American giant; and many South American countries, such as Colombia, Chile and even Brazil, that have not adopted foreign policies that are antagonistic to Washington. It may become an alternative to the OAS, which was put forward as one of the aims by some countries in Caracas.

CELAC came into being, under the significant influence of Venezuela, as a compromise between the unification projects instigated by Mexico (the Rio Group) and Brazil (CALC). It faces the difficult challenge of achieving regional representativity and moving forward with the many different cooperation and integration projects in Latin American and the Caribbean that appear to be either stalled or in crisis.

