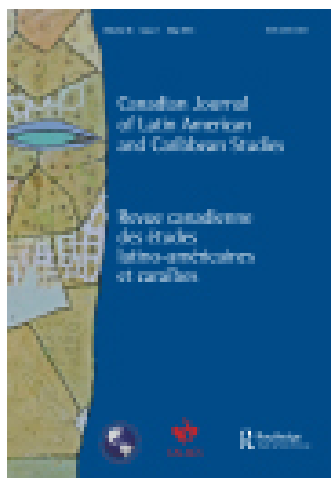


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Post-hegemonic regionalism, UNASUR, and the reconfiguration of regional cooperation in South America

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This article explores the changes in the patterns of regional cooperation in South America in the last decade, and the role of the Union of South American Nations (UNASUR) in the contemporary period. It is argued that a new period has begun, better captured by the concept of “post-hegemonic regionalism”, which implies that there is no hegemonic model of regional integration and cooperation, but rather a plurality of models that coexist and overlap. The plurality of models is accentuated in the area of trade: while Mercosur has abandoned the focus on free trade and privileged a social and productive agenda, the Bolivarian Alliance for the People of America (ALBA) is advancing an alternative model based on twenty-first-century socialism. In this context, UNASUR has become an umbrella organization advancing political and security cooperation among countries that, nevertheless, pursue different strategies of development. The UNASUR economic agenda has not included the liberalization of trade, so far, but has rather focused on cooperation in the areas of infra-structure, social development, and energy. UNASUR’s role in South American regionalism depends on its capacity to be a space for the discussion and consolidation of consensus in the political and security areas and a minimum common denominator in the economic area.

Cet article explore les changements qui ont affecté le modèle coopératif régional en Amérique du Sud au cours des dix dernières années, et le rôle que continue de jouer l’Union des Nations Sud-Américaines (UNASUR) dans les conjectures contemporaines. L’article avance qu’une nouvelle ère a débuté, laquelle trouve son expression dans le concept de « régionalisme post-hégémonique », qui implique qu’il n’existe pas de modèle hégémonique d’intégration régionale et de coopération, mais plutôt une diversité de modèles coprésents et superposés. La pluralité des modèles est particulièrement palpable dans le domaine des échanges commerciaux : si Mercosur a abandonné l’emphase sur le libre-échange et privilégié un agenda social fertile, l’Alliance Bolivienne pour les Peuples d’Amérique (ALBA) met en place un modèle alternatif basé sur le Socialisme du 21^{ème} siècle. Ainsi, UNASUR est devenue une organisation-mère, promouvant un message de coopération dans le domaine de la politique et de la sécurité à travers des pays qui poursuivent pourtant des stratégies de développement divergentes. L’agenda économique d’UNASUR n’inclut pas, à ce jour, la libéralisation des échanges, mais continue de se concentrer sur la coopération dans les domaines de l’infrastructure, du développement social et de l’énergie. Le rôle d’UNASUR dans le régionalisme Sud-Américain se trouve lié à sa capacité d’être un espace de discussion, un outil qui consolide le consensus dans les domaines de la politique et de la sécurité, et un dénominateur commun minimum dans le domaine économique.

Keywords: UNASUR; regional integration; regionalism; South America; Latin America

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Introduction

Regional cooperation in Latin America has gone through major changes in recent decades. Existing organizations such as the Andean Community (CAN) and the Southern Common Market (Mercosur) have changed memberships, activities, and strategies of economic development. New groups and organizations have been created, such as the Bolivarian Alliance for the Peoples of Our America – Peoples’ Trade Treaty (ALBA) – in 2004, the Union of South American Nations (UNASUR) in 2008, the Community of Latin American and Caribbean States (CELAC) in 2010, and the Pacific Alliance in 2011. This plurality reflects the loss of neo-liberalism and open regionalism as the primary models of economic development and regional integration in Latin America. While some blocs, such as the Pacific Alliance, remain committed to free trade, others have privileged different strategies to promote development, a key example being Mercosur. ALBA is advancing an alternative model based on twenty-first-century socialism. CELAC and UNASUR are umbrella organizations, which include all Latin American and Caribbean states, and South American states, respectively.

This article explores the changes and continuities in the patterns of regional cooperation in recent decades in a particular sub-region of Latin America: South America. The article focuses on the role and activities of UNASUR in the contemporary period. UNASUR is of particular relevance as an umbrella organization because it has advanced deeper political cooperation and cooperation in security and defense among its member-states, an innovation in Latin American regionalism. Until the creation of the South American Defense Council (SADC) of UNASUR, security and defense were dealt with in the Inter-American system. Another distinctive feature of UNASUR is that its economic agenda has not, so far, included trade. Instead, cooperation has been focused on infrastructure, energy, financial cooperation, and social issues. Understanding the way cooperation is evolving in UNASUR is crucial to understanding the reconfiguration of regional cooperation in Latin America.

The article is structured as follows: the next section analyses the patterns of regional cooperation in South America in the 1990s, and the concepts of new regionalism and open regionalism. The second section analyses the period since the beginning of the new millennium, the creation of the new organizations of regional integration, and the concept of post-hegemonic regionalism. The third section focuses on UNASUR’s economic dimension and the fourth section on UNASUR’s cooperation in security and defense. The conclusion summarizes the main findings and explores the challenges for UNASUR if it is to play a relevant role in Latin American regionalism in the years ahead.

The “new regionalism” in Latin America: from the Washington Consensus to fragmentation?

The concept of the “new regionalism” refers to the process of political reconfiguration in the post-Cold War world when regions supposedly became actors in the global system of governance (Hettne 1994, 1996; Söderbaum 2005). From an economic point of view, the new regionalism approach was largely developed by Wilfred Ethier to explain the new wave of regional economic integration since the mid-1980s (Ethier 1998). According to Ethier, new economic regionalism (understood as synonymous with regional economic integration) was strongly linked to the global process of the liberalization of markets promoted at the multilateral level in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and carried out by its successor the World Trade Organization (WTO). Thus, regionalism became a path to multilateral free trade, following the traditional logic of the theory of comparative advantage. For Ethier, new regionalism was not an exogenous factor in the process of multilateral

liberalization of trade, but a process that aimed to incorporate the countries that promote economic reforms with the multilateral trading system.

“New regionalism” then was an “open regionalism” because it was based on an approach that intended to make regional trade liberalization compatible with non-discrimination *vis-à-vis* the rest of the world. This concept of open regionalism was originally proposed by Japan in 1955, when the Japanese delegates at the Ministerial Meeting for the Colombo Plan, held in Singapore, proposed a form of regionalism which would mean “strengthening unity among members while increasing interaction with non-members” (Terada 1998, 353). The open regionalism approach was transplanted into the Latin American discussions on regional integration in the 1990s by the Economic Commission for Latin America and the Caribbean (ECLAC). The document, *Open Regionalism in Latin America and the Caribbean: Economic Integration as a Contribution to Changing Production Patterns with Social Equity*, published by ECLAC in 1994, defined open regionalism as the process that results from reconciling “the interdependence that stems from special, preferential agreements, and that which basically arises from the market signals that are produced by trade liberalisation in general” (ECLAC 1994, 13). By promoting this kind of regional integration, Latin American countries would be aiming to create integration policies compatible with policies that promote their better insertion into the world economy.

Open regionalism was actually assimilated by neo-liberal economic integration. Despite the differences between the integration schemes active in the 1990s – such as Mercosur, the Andean Community, or the Central American System of Integration – most of them shared similar objectives. Regional integration aimed at better insertion into the international markets, and the mechanism to achieve that goal was a fast tariff reduction. In some cases, however, “strategic sectors” were excluded from the process (Automobiles in Mercosur, oil in the North American Free Trade Agreement). By the same token, regional blocs promoted a ‘deep integration’ that moved beyond trade liberalization and aimed to approve new and more liberal regulatory frameworks concerning investments, services, public procurement, and intellectual property (Lawrence 1996). Similarly, modalities of north-south economic integration were developed, the main example of which was the North American Free Trade Area (NAFTA), the first agreement to involve two developed countries (the United States and Canada) and a developing country (Mexico). In other words, despite political discourse centered on open regionalism, Latin American economic integration processes in the 1990s were in reality based on neo-liberal ideas. Empirical evidence demonstrates open regionalism’s irrelevance – or at least the ECLAC’s version of same – in the design of integration schemes.

Most regional initiatives were adapted to the programs of structural adjustment that Latin American governments had been implementing since the late 1980s. Following recommendations given by the International Monetary Fund and the World Bank, regional integration was transformed into a mechanism to “regionalize” the structural adjustment (Rosales and Eliseo 1989, 33). The only exception, even if it was only a partial exception, was Mercosur; in this case some non-neo-liberal policies were applied, such as that which was created for the automobile industry, an area considered strategic by the Brazilian and Argentinean governments in terms of employment and development.

With the exception of the Political Declaration of Mercosur, Bolivia, and Chile as a Zone of Peace (1998), South American regionalism in this period did not include cooperation in security and defense, which were dealt with within the Inter-American system, consisting of the Organization of American States (OAS) and the Inter-American Treaty of Reciprocal Assistance (TIAR).¹

As the twenty-first century advanced, neo-liberalism and open regionalism began to lose support in most countries in Latin America as growth decreased and inequality increased. The

economic collapse of Argentina in 2001, a country which had been the “best pupil” of the Washington Consensus, was key to its discrediting. Dissatisfaction with economic policies and development strategies led to changes in the domestic political coalitions of most countries, and to a “left turn” with the election of center-to-left governments such as those of Luiz Inacio Lula in Brazil (2003), Néstor Kirchner in Argentina (2003), Evo Morales in Bolivia (2004), Tabaré Vasquez in Uruguay (2005), and Rafael Correa in Ecuador (2005) (Castañeda 2006). Venezuelan President Hugo Chavez’s leadership in Latin American politics, originally supported only by Cuba, gained a new momentum with the left turn and his victory in the recall referendum prompted by the opposition in 2004. The control of the “internal political front” and the petrodollars available from increasing oil prices allowed Chávez to become a more dynamic presence in Latin American politics and also allowed the promotion of a new model of regionalism beyond free trade, with the creation of the Bolivarian Alternative for the Americas (ALBA) in 2004. Chávez’s regional approach included a security dimension, as indicated in the proposal for a “South American NATO” in 2003. This initiative did not evolve at that time, however, and the Inter-American system remained the traditional forum for the prevention and resolution of conflicts in South America (Gratius 2008, 5). The left turn in Mercosur member-states was completed with the election of Fernando Lugo in Paraguay in 2008, and this led to a re-examination of the organization’s integration model as well.

The new period of Latin American regionalism: post-liberal or post-hegemonic?

The economic crisis, the “left turn”, and Chavez’s leadership in South America launched a new period in Latin American regionalism. Despite the fact that some countries remain committed to free trade and open regionalism, new initiatives and models have been developed. Some scholars argue that a new period is evolving, but there is no consensus so far on how to describe it.

Da Motta Veiga and Rios (2007) and José Antonio Sanahuja (2010, 2011) have called this new period a “post-liberal regionalism”. According to Da Motta Veiga and Rios (2007, 28), the central pillar of post-neo-liberal regionalism is no longer the liberalization of trade and investments, which have come to be seen as an obstacle to the implementation of national development policies. Post-neo-liberal regional agreements, instead, should arguably be used to further endogenous economic development and should be committed to fostering agreements centered on development and equity issues. In other words, for post-neo-liberal regionalism, widening and deepening trade agendas are not priorities.

In line with Da Motta Veiga and Rios, Sanahuja argues that open regionalism has been in crisis since the mid-2000s, and that this has led to a redefinition of regionalism and to the appearance of what he calls a “post-neoliberal regional integration” (Sanahuja 2010). He summarizes the main tenets of this as:

- (1) the predominance of the political agenda and the weakening of the economic and trade dimensions of regional integration;
- (2) the return of the development agenda, a stronger role for state actors and the diminished role of non-state actors, in particular those in the productive sector;
- (3) an increasing interest in promoting a positive agenda of integration, centered on the creation of institutions and common policies, and a growing cooperation on non-trade issues leading to new forms of south-south cooperation and a renewed peace and security agenda;
- (4) a commitment to the promotion of a social dimension for regional integration;

- (5) an interest in improving regional infrastructure, a better articulation of regional markets and improved access to non-regional markets;
- (6) an increasing concern for energy security and the search for complementarity in this area, and a commitment to promoting the participation of social actors in the process of regional integration in order to improve its legitimacy.

Nevertheless, the category “post-liberal regionalism” poses some problems. It may well be that it is misleading to describe the new period of Latin American regionalism as post-liberal. Although new initiatives such as ALBA, UNASUR, and the so called “new Mercosur” are encouraging a regional agenda beyond free trade, other initiatives such as the Andean Community or the Central American System of Integration are still committed to free trade and open regionalism. Moreover, Mexico, Colombia, Peru, and Chile have established the Pacific Alliance, a new regional body that entirely subscribes to the ideas of an open regional economic integration. Thus it is valid to argue that, in the current period of regionalism in Latin America, neo-liberal and post-liberal initiatives coexist, creating a complex network of overlapping memberships and regional approaches.

New framings of the new period of regionalism have emerged. Monica Hirst argues that this new period of Latin American regionalism is characterized by complexity and some degree of anarchy, leading her to use the expression “anarchical regionalism” (Hirst 2009). Diana Tussie and Pablo Trucco (2010) use the expression “post-commercial regionalism” to highlight the fact that current initiatives in economic integration in Latin American and the Caribbean are not centered on the commercial dimension. Finally, Diana Tussie and Pia Riggirozzi (2012) describe the recent initiatives as the manifestation of a “post-hegemonic regionalism”.

The concept of post-hegemonic regionalism was outlined by Amitav Acharya, who argued that the decline of US hegemony would have an impact in the regional worlds and regionalism (Acharya 2009, 3). Mario Tèlo also links the new regionalism to the crisis in the US hegemony. While, for Tèlo, a new type of regionalism, post-hegemonic, is “a component in a new turbulent and heterogeneous world system” (Tèlo 2007, 4), Acharya is less pessimistic about the consequences of post-hegemony and non-hegemonic international orders (Acharya 2008).

Riggirozzi and Tussie use the concept of “post-hegemonic” in a different way. While Acharya and Tèlo use the concept of hegemony to describe the US role in the world since the World War II, and post-hegemony as the period thereafter, Riggirozzi and Tussie define hegemony according to the Gramscian-Coxian perspective. According to Cox and Sinclair:

Hegemony is a structure of values and understandings about the nature of order that permeates a whole system of states and non-state entities. In a hegemonic order these values and understandings are relatively stable and unquestioned. They appear to most actors as the natural order. Such a structure of meanings is underpinned by a structure of power, in which most probably one state is dominant but that state’s dominance is not sufficient to create hegemony. Hegemony derives from the dominant social strata of the dominant states in so far as these ways of doing and thinking have acquired the acquiescence of the dominant social strata of other states. (Cox and Sinclair 1996, 151)

Regionalism in the 1990s was associated with meta-narratives that stressed the triumph of neo-liberalism, which in turn was associated with the spread of globalization. Regional integration was perceived as a response to those global processes (Riggirozzi 2010). There was a consensus among Latin American elites in line with Ethier’s view of

regionalism as a strategy to engage with multilateralism and as a manifestation of neo-liberal hegemony. Regionalism had to be developed in those terms because globalization was a “conditioning framework” that prevented the implementation of alternative policies. As Grispun and Krewlewich (1994, 36) asserted, “this conditioning framework becomes binding due to international constraints and obligations incurred to another country, to foreign corporations, foreign investors, or to a multilateral agency. Failure to comply with the policy package would place the country in conflict with international forces.” Riggiozzi argues that Latin American governments, and some academic centers close to neo-liberalism, succeeded in diffusing the idea that there was no other option in terms of economic development, and that regionalism should be adapted to that strategy. Thus, globalization was a structure of constraints and regionalism was a defensive response to it (Riggiozzi 2010, 5).

The initiatives in regionalism developed in Latin America after the mid-2000s aimed at being more than a protective mechanism to respond to globalization. Instead, regionalism came to be perceived as a space for contestation and resistance *vis-à-vis* neo-liberalism and the proposition of alternative models of integration. New regional projects in Latin America are therefore “something more than a context-dependence” (Riggiozzi and Tussie 2012, 12). A new narrative, beyond free market and free trade, is thus being constructed in the region. This new narrative is the result of regional and global transformations that have weakened the hegemony of neo-liberalism and its version of open regionalism.

This does not mean that all the manifestations of regionalism in Latin America have had a rupture with neo-liberalism. According to Riggiozzi and Tussie (2012, 35), the emergence of a post-hegemonic regionalism “does not mean that capitalism, liberalism and trade-related forms of integration cease to exist or to move the regional agenda. What this means is that their centrality is being displaced.” As seen above, schemes such as the Pacific Alliance, the Andean Community, or the Central American System of Integration are based on the neo-liberal approach to regional economic integration. However, these initiatives coexist with other non-neo-liberal blocs such as ALBA and the “new Mercosur”.

As a consequence, free trade lost its centrality in regionalism, and political cooperation, security and defense, infrastructure, energy, and social policy gained prominence in UNASUR. In this context, post-hegemonic regionalism describes “regional structures characterized by hybrid practices as a result of partial displacement of dominant forms of US-led neo-liberal governance, and in the acknowledgment of other political forms of organization and management of regional (common) goods” (Riggiozzi and Tussie 2012, 12).

This agenda “beyond trade” led Riggiozzi to describe the post-hegemonic regionalism as a new type of regional governance beyond the Washington Consensus. Latin America now offers alternative pathways to region building to those previously considered the norm. Although it is indisputable that regionalism is driven in part by economic calculations, the rationale of the new process in Latin America is not restricted to the promotion of trade or opposition to US hegemony.

The new political economy of Latin American regional governance represents a conglomerate of projects in which issues of commerce, political integration and trans-societal welfare are reclaiming – perhaps even re-inventing – some of the principles of collectivism and socialism that have previously characterized the political tradition of the region. (Riggiozzi 2010, 1)

The concept of post-hegemonic regionalism describes a “new period” of Latin American regional economic integration and political cooperation, but not a new model. Rather, it captures the plurality of models which, so far, coexist in different regional groups. Despite

the differences among the organizations concerned, all of them are part of a narrative in which regionalism does not consist simply of free trade and economic liberalization as mechanisms to deal with globalization. The concept of post-hegemonic regionalism shows that new values (or some values discredited in the 1990s) and ideas about the nature of regional economic integration and political cooperation are being diffused in the region. Such principles and ideas have permeated the Latin American system of states and non-state actors and have given new traits to the regionalist processes.

UNASUR's economic dimension: a post-hegemonic integration scheme

UNASUR was preceded by the South American Community of Nations (SACN), the origins of which can be traced back to the project of the creation of a South American Free Trade Area (SAFTA), proposed by the Brazilian President Itamar Franco in 2003. SAFTA was a regional response to NAFTA, and its cornerstone was the creation of a free trade area between the Andean Community and Mercosur. SAFTA was therefore, to a large extent, based on the logics of neo-liberalism and open regionalism, and evolved under Brazilian leadership. Thus, SAFTA did not aim to sever itself from the neo-liberalism in vogue in those years. Free trade, liberalization of sectors related to trade, no social policy, no industrial policy, minimum state intervention; those were the main features of the SAFTA, all of them compatible with the neo-liberal hegemonic model of the 1990s.

Itamar's successor, Fernando Henrique Cardoso, intended to transform SAFTA into a more comprehensive regional body: SACN. This latter initiative aimed to promote a common strategy for dealing with problems such as drug trafficking, the protection of the environment, and the creation of a "zone of peace" in South America. Cardoso launched the Regional Initiative for the South American Infrastructure (IIRSA) as well, an ambitious plan aimed at building a network of roads, highways, and train connections between all the South American countries. This agenda meant a diversification of the original SAFTA agenda to include non-trade issues. Da Motta Veiga and Rios (2007) argue that the SACN was the beginning of the period of post-liberal regionalism. Despite the inclusion of a non-trade agenda in SACN, this regional initiative did not neutralize the aim of setting up a SAFTA. This was confirmed at the Summit of Cuzco (December 2004), at which SACN was officially established: at the summit, the aim of achieving free trade and liberalization was preserved.

The Chávez leadership in South American regionalism and the "left turn" were crucial in the transformation of SACN into UNASUR. Chávez's victory in a referendum in 2004 led to a consolidation of the "Bolivarian Revolution" and the project of a "twenty-first-century socialism"; in particular, his government started to criticize SACN's free-trade pillar. The rise to power of Evo Morales in Bolivia (2005) and Rafael Correa in Ecuador (2006), as well as the pragmatic relationship between Argentinean President Néstor Kirchner and Hugo Chávez, allowed for the creation of a group of countries within the SACN that severely criticized its original free-trade dimension. Finally, in 2007, Chávez proposed that the SACN be renamed UNASUR in order to give it a different strategic emphasis. The Brazilian government adopted a pragmatic approach and accepted the transformation of the SACN into UNASUR, but remained committed to free trade with its South American neighbors; this goal could be achieved within the framework of the Economic Complementation Agreement between the Andean Community and Mercosur (ACE 59) signed in 2004. The exclusion of the SACN from the regional project demonstrated the strength of Chávez and his allies in ALBA (Morales and Correas) in the

definition of UNASUR. In other words, UNASUR, unlike SACN, was not a project under Brazilian leadership, but, rather, one of common interests and compromises among South American countries. The only exception was the creation of the South American Community of Security and Defense, a project designed by Brazil and analyzed in the next section (Briceño Ruiz 2010).

The result of this new political realignment was, on the one hand, the replacement of SACN by UNASUR, and, on the other hand, a decrease in the importance of trade in the regional agenda. Trade liberalization was not included in UNASUR's treaty. Certainly, its preamble states "that South American integration should be achieved through an innovative process, which includes all the accomplishments and progress achieved so far by the Mercosur and the Andean Community processes, as well as the experiences of Chile, Guyana and Suriname, going beyond the convergence among them" (Preamble of the UNASUR Constitutive Treaty 2012). This could be understood as a retention of the SAFTA objective of promoting a convergence between the Andean Community and Mercosur. However, free trade is not mentioned as the mechanism to achieve such a convergence.

Free trade is also not mentioned in Article 2 of the Treaty, in which the main objectives of UNASUR are stated. Article 3 includes 21 specific objectives sought by UNASUR. Paragraph L of this article states as one objective of the Treaty:

Economic and commercial cooperation to achieve progress and the consolidation of an innovative, dynamic, transparent, equitable and balanced process, envisaging effective access, promoting economic growth and development to overcome asymmetries through the complementarity of the economies of South American countries, as well as the promotion of the wellbeing of all sectors of the population and the reduction of poverty. (UNASUR Constitutive Treaty 2012, article 3, paragraph 1)

The exclusion of free trade goes hand in hand with the inclusion of objectives in domains such as infrastructure, development policies, health, education, environment, security, and defense. This maximalist agenda is clearly established in article 2 of the treaty:

The objective of the Union of South American Nations is to set up, in a participatory, agreed manner, a space for integration and union among its peoples in the cultural, social, economic and political fields, prioritising political dialogue, social policies, education, energy, infrastructure, financing and the environment, among others. (UNASUR Treaty constitutive, art. 2)

UNASUR's institutional structure also reflected a lack of prioritization of trade; trade is dealt with by the South American Economic and Finance Council, instead of there being an organ to deal exclusively with it, as is the case for Mercosur. The Economic and Finance Council was set up in 2010 at the Summit of Heads of State and Government held in Georgetown in November of that year. The Council was installed in Buenos Aires in August 2011, when its Statute and an Action Plan were approved. According to its Statute, the Council's goals are to "explore and promote new forms of cooperation with other regional blocs that allow the promotion of trade and economic development" (Estatuto del Consejo Sudamericano de Economía y Finanzas 2013, art. IV). In the Action Plan, more specific objectives were established; objective 3 states that the Action Plan aims to "foster the increase of intra-regional flows of trade" (Plan de Acción, Consejo Sudamericano de Economía y Finanzas 2011, objective 3). These were the first documents in which an explicit mention of trade as one of the goals of UNASUR was made, but they do not refer to "free trade".

Trade is understood in these documents in a quite different way from how it was perceived in the 1990s, and it is subordinated to other objectives in the social and productive spheres. The Statute of the Council refers to “new forms” of cooperation to foster trade, without explaining what exactly these “new forms” consist of. The question is whether these “new forms” aim at substituting for the free-trade logic hegemonic in the 1990s. Similarly, the Final Declaration of the first meeting of the Council, which was held in November 2011, stated that one of the objectives of the Council is “to encourage the regional intra-regional trade by taking the necessary measures to increase the trade flows” (Declaración del Consejo Sudamericano de Economía y Finanzas 2011). However, this increase in trade flows should be mutually beneficial; one may consider the existing asymmetries in order to foresee the potential achievement of socio-productive complementarity in the region. Likewise, trade should make use of existing capacities and potentialities as well as fostering both the sustainable use of natural resources and employment creation (Declaración del Consejo Sudamericano de Economía y Finanzas 2011). Finally, a Working Group on Intraregional Trade was created under the coordination of Brazil and Chile.

The following meeting of the Council of Economic and Finance confirmed the new approach to regional trade in the framework of UNASUR. The Council made declarations committing it to furthering trade, but it has also stated that this should be done “under certain conditions”. Thus, at the first formal meeting of the Council held in November 2011, the ministers decided to forward to the heads of state and government for consideration a “concrete proposal to foster intraregional trade that would incorporate added value and, in consequence, employment and welfare for our citizens” (Declaración del Consejo Sudamericano de Economía y Finanzas, Buenos Aires, 25 November 2011). The final declaration of the second meeting, held in Lima, Peru, on November 2012, included some remarks about the activities of the Working Group on Intraregional Trade but these are mostly related to technical questions, such as the improvement of the database on trade or the identification of mechanisms to promote regional productive complementarity (see Declaración del Consejo Suramericano de Economía y Finanzas, Lima, 24 November 2012).

The analysis of the economic dimension of UNASUR demonstrates that free trade is not the most important issue for this regional body. Unlike in NAFTA, or the recently created Pacific Alliance, free trade is secondary in UNASUR. Even Mercosur has a strong trade dimension, despite recent initiatives to strengthen its social and productive dimensions. No project to establish a free trade area in UNASUR or a north-south interregional agreement has been discussed so far, even if trade has been discussed. The vagueness of the references about trade could be seen as a deliberate mechanism by UNASUR to keep under its umbrella countries that subscribe to different models of economic development. For some specialists, this represents UNASUR’s main challenge, i.e. to accommodate such different interests, and to promote convergence among its member-states in the economic-commercial area (Fairle 2013, 14). However, the activities of the South American Council of Economy and Finance demonstrate the difficulties in dealing with this challenge and confirm that trade is not the cornerstone of UNASUR.

By contrast, UNASUR has a very ambitious agenda in the area of social policy. As Pia Riggiozzi points out, the process of political change under way in Latin America, and particularly in South America, since the early 2000s, “has meant that regionalism may be in the process of ‘catching up’ with social concerns” (Riggiozzi 2014, 4). This was clearly acknowledged in the UNASUR treaty, which states that one of the specific aims of the regional group is the promotion of social and human development,

and the eradication of poverty and inequalities (UNASUR Constitutive Treaty 2012, article 3, paragraph 1).

To achieve these aims, several Councils were created in the areas of social development, health, education, and culture, in addition to the Council of Economics and Finance. The Social Development Council, for instance, has a broad mandate and seeks to contribute to the achievement of fairer, more democratic societies, and to promote cooperation mechanisms in order to achieve integrated social development, reduce asymmetries, and deepen the process of regional integration.²

The South American Health Council has also been established, the main objective of which is the consolidation of “South America as an integration space in Health that contributes to the Health of Everyone and to development” (Decision for the Establishment of the South American Health Council of UNASUR, art. 5). Within the framework of this Council the South American Institute of Government in Health was created (Riggirozzi 2014). The Institute’s budget for 2013 reached USD 2.5 million, and the planned activities include projects such as an online teaching platform to offer courses in the management of public health governance, a database of the health systems in Latin American countries, a study about the productive capacities of medication and health products and common strategies in epidemiological surveillance.³

Another dimension of UNASUR is cooperation in infrastructure. UNASUR incorporated the Initiative of the South American Regional Infrastructure (IIRSA), which, as seen above, was a project originally promoted by the government of Fernando Henrique Cardoso after the first summit of South American Presidents in 2000.⁴ The main objective of IIRSA is to tackle one of the major hindrances to Latin American regionalism: the lack of transport networks. It promotes the improvement of the connections between countries in the region via the creation of common systems of communications, transport, and energy.

UNASUR’s cooperation in security and defense

The post-hegemonic paradigm allowed UNASUR to embrace a broad agenda and to include new areas of cooperation. While some of these areas, such as social policy, are also addressed in other existing regional organizations such as the new Mercosur, a striking innovation of UNASUR is the establishment of cooperation in the areas of security and defense.

During the Cold War, the main forum for multilateral security and defense cooperation for Latin American countries was the Inter-American System, which included the OAS and the Inter-American Treaty of Reciprocal Assistance (TIAR). The OAS survived the end of the Cold War, having gone through major changes in its priorities and normative consensus (Ribeiro Hoffmann and Herz 2010). TIAR was discredited after 1982, and became obsolete; Mexico renounced it in 2002, and Ecuador, Venezuela, Bolivia, and Nicaragua in 2012.

Post-hegemonic regionalism opened a window of opportunity for South American countries to rethink their framework for multilateral cooperation in the region. In South America, existing regional organizations did not deal with security and defense, despite a few initiatives such as the already mentioned Mercosur “zone of peace” declaration from 1998. The creation of the South American Defense Council (SADC) in UNASUR is exceptional in that regard. It is the first time that defense was included in a South American regional organization, and that security was addressed from a broader perspective.

The trigger for the creation of the SADC was a crisis among Colombia, Ecuador, and Venezuela which evolved in March 2008. The cause was the entry without previous

consent of the Colombian military into Ecuadorian territory in pursuit of Fuerzas Armadas Revolucionarias de Colombia (FARC) forces. This was perceived by South American countries as the arrival of the doctrine of pre-emptive attack in the region, raising concerns about the traditional principles of sovereignty and non-intervention (Battaglini 2012, 93). South American countries are still quite attached to the concept of sovereignty and share a concern about the conditions under which international interventions should be conducted. As summarized by Herz:

Most South American analysts, governments and other social leaders firmly adhere to the principle of non-intervention and the traditional concept of sovereignty based on the drive to preserve state jurisdiction and attributes, fearing greater control by the United States and other powers of various aspects of domestic and international politics in the region. There is a widespread fear that interventionism could spread into new spheres, such as the environment, in a context of the ongoing redefinition of threats to peace and security . . . the legalist and institutionalist drive poses a limit to the interventionist measures acceptable to South American elites . . . thus attempts to institutionalize norms of intervention have been resisted, and concepts such as humanitarian intervention and the responsibility to protect (R2P), which epitomize the tension between individual rights and empowerment and state sovereignty, are not part of the vocabulary used in regional forums. (Herz 2010, 609)

The militarization of US foreign policy towards Latin America, justified by the “war on terror” and transferred into the “war on drugs”, had been criticized by most countries in the region, and became a contested topic in Colombian domestic politics. The crisis of 2008 provided an opportunity for South American countries to forge a common approach and response. The SADC was formally proposed by Brazilian President Lula da Silva shortly after the crisis, even if the idea of creating a regional security institution had already been discussed (Gratius 2008).

According to SADC’s Statute, South American countries’ main interests in the area of security and defense are: 1) consolidating South America as a zone of peace, a base for democratic stability and the integral development of our peoples, and a contributor to world peace; 2) creating a South American identity in defense issues, incorporating the sub-regional, regional and national characteristics that strengthen unity between Latin America and the Caribbean; 3) generating consensus to strengthen regional cooperation on defense issues. Among the specific aims the Statute lists are: the promotion of the exchange of information and analysis about the regional and international context in order to identify risks and threats; articulation of common positions in multilateral forums; adoption of confidence-building measures; promotion of exchange and cooperation among defense industries; promotion of academic cooperation among research institutions; sharing of experiences and supporting humanitarian actions and United Nations peacekeeping operations; adoption of a gender perspective in defense policies.

An important element in the new concept of security and defense in the region is the idea of building a new collective security identity (Battaglini 2012, 88). The consolidation of the processes of democratization in South American countries has brought about radical changes in the relations between civilian and military actors, and the restructuring of their national defense industries. The SADC Action Plan from 2009–2010 emphasized, among other things, the necessity of promoting transparency in military spending and the creation of the Center for Strategic Defense Studies (Centro de Estudios Estrategicos de Defensa [CEED]). The Center was launched in May 2011 and is located in Buenos Aires. Its main aim is to contribute to the consolidation of the principles and objectives established by the SADC, the generation of

knowledge and diffusion of a South-American strategic perspective on regional and international defense and security.

The CEED has released three Working Plans so far, for 2012, 2013, and 2014, establishing specific short-term targets. The Working Plan for 2014 organized the target under three headlines: study and research (mutual confidence measures such as the creation of databases of military spending and military assets, institutional cooperation, gender and defense, common strategic view, cyber-security); institutional relations (establishment of National Centers of Studies to cooperate with the CEED and facilitate relations with academic institutions and think tanks); and information and diffusion (elaboration of reports and webpage) – Center of Documentation (to archive official documents from UNASUR, SADC and CEED), infrastructure, equipment, and personal (the CEED's first budget the incorporates the headquarters and hiring of personnel), and conferences and seminars.⁵ In the context of the activities promoted by the Centre for Strategic Defense, the first meeting of the South American School of Defense (Escuela Suramericana de Defensa [ESUDE]) took place in April 2014 in Quito. The School is seen as fundamental to the development of a common perspective on regional defense and the consolidation of the process of institutionalization of UNASUR.⁶

A central substantive element in the concept of security and defense in UNASUR is the collective commitment to the protection and promotion of democracy and human rights. UNASUR has a democratic clause, in the form of a protocol signed in November 2010, which builds from the democratic clauses of Mercosur and the Andean Community (both signed in 1998) and on UNASUR's constitutive treaty and the Declaration of Buenos Aires from October 2010. The Protocol reinforces the commitment to the promotion, defense, and protection of the democratic order, the rule of law and its institutions, human rights, and fundamental freedoms. All are considered as essential and indispensable conditions of participation in UNASUR. The strength of the commitment was shown during the political crisis in Paraguay, when the clause was invoked and Paraguay suspended from UNASUR until the new president was elected in August 2013. However, in cases such as Mercosur and the Andean Community (Ribeiro Hoffmann 2015), the commitment to democracy and human rights is balanced with commitments to sovereignty and non-interference. In practical terms, this has led to the restriction of the instruments to promote democracy to diplomatic and economic sanctions, i.e. they do not include military sanctions or references to the principle of responsibility to protect.

Conclusions

This article has analyzed the extent to which South American regionalism has changed in the last decade, evolving from the paradigms of neo-liberalism and open regionalism into a new context, here referred to as post-hegemonic regionalism. Post-hegemonic regionalism implies that there is no hegemonic model of regional integration in South America today; rather, there is a plurality of models of economic development and the role of free trade in this development. Neo-liberal and free-trade-centered regional groups such as the Pacific Alliance coexist with non-liberal and multi-dimensional processes such as UNASUR, ALBA, or the new Mercosur.

The article has also evaluated the role of UNASUR in this new context. It has argued that economic cooperation in UNASUR focus on cooperation in infrastructure, finances, and social policy, and not trade. UNASUR advances the need to reconsider the asymmetries and structural imbalances potentially derived from free trade and deregulation. Despite the differences between the approaches taken in some countries, such as

Chavez's/Venezuelan twenty-first-century socialism, Kirchner's/Argentinian neo-developmentism, and Alan Garcia's/Peruvian enthusiasm for free trade, UNASUR has advanced consensus in political and security and defense cooperation. The South American Defense Council advances common values and norms, which include the commitment to the promotion of democracy and human rights, a non-militarized approach to the war on drugs, the rejection of the doctrine of preventive attack, and the traditional non-interference and sovereignty.

Despite its institutional weaknesses and the challenges ahead, UNASUR is part of a process of reconfiguration of the patterns of cooperation and integration in South America. Differences around strategies of economic development are not obstacles to the promotion of common goals on issues around which the countries share norms and principles. This has allowed the development of an innovative agenda that includes cooperation in social policy, infrastructure, and security and defense. In other words, UNASUR is a new type of regional organization, a manifestation of a new period in the history of regionalism in Latin America. The role of UNASUR in the future depends on its capacity to accommodate the plurality of interests and views on economic development and economic integration that coexist in the regional organization.

Disclosure statement

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Notes

1. In Central America and the Caribbean some initiatives were created such as the Central American Common Market Council of Defence (1963) and the Caribbean Community and Common Mark Standing Committee of Ministers of Foreign Affairs and Defence Policy, part of its original institutional framework, and the Regional Task Force on Security and Organized Crime (2001). Other multilateral initiatives created to deal with the Central American crises (Contadora Group and Rio Group) involved South American countries, but none was led by South American regional integration organizations.
2. <http://www.unasurg.org/inicio/organizacion/consejos/csds>.
3. UNASUR 2013 Plan Operativo Annual y presupuesto detallado 2013. file:///C:/Users/anflo/Desktop/UNASUR-IN-ISA-PLA-12-0001.pdf
4. When UNASUR replaced the SACN, IIRSA was incorporated into the South American Council of Infrastructure and Planning (COSIPLAN).
5. <http://www.ceedcds.org.ar/> (accessed April 30, 2014).
6. <http://www.ceedcds.org.ar/Espanol/04-Eventos/0031-Eventos.html> (accessed April 30, 2014).

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