

"The current integration process ... accentuates regional dependence on globalization"

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Latinamerica Press Uruguay correspondent, **Pablo Long**, spoke with Gudynas at CLAES' offices in Montevideo about the crisis facing regional integration process, not only in the international context but also with regard to problems within Latin American countries themselves.

How would you evaluate the path Latin America integration is taking?

Regional integration is in crisis, even though some governments and social organizations don't admit it. Conventional trade measures are repeated. [These measures] create a rigid framework that only ends up imposing itself on the aspired integration, [creating] an integration that is flimsy and lacks a structure and functioning energetic enough to break these [conventional trade measures.] The method of grouping countries without establishing more in-depth rules of political coordination has had a centrifuge effect that does not strengthen integration, but displaces debates from one arena to another. That's why we've had and we now have controversies over many issues, such as the election of Latin American candidates to the World Trade Organization (WTO), the Inter-American Development Bank, or in the United Nations Security Council.

What factors are involved in this crisis?

There are internal and external factors. The most noticeable is pressure from the United States, which is taking advantage of the dissidence to sign bilateral free trade agreements which, in substance, aim to establish asymmetrical trade relations. The greatest problem of these FTAs is that a large part of this instrument is oriented toward issues that are not trade-related.

What are the internal factors mentioned?

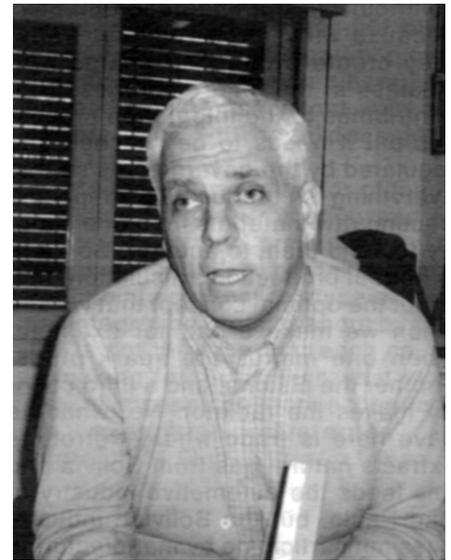
We could talk about several basic factors. The different attempts at inte-

gration over the past 15 years did not succeed in putting together productive links between countries. It did not succeed at establishing a strong economic substratum to sustain the integration. Already in the [Southern Common Market] MERCOSUR, as in the Andean Community [CAN], all members continue to export nothing more than raw materials, [natural] resources, commodities, a slant that is more marked in the CAN, where between 70 and 80 percent of its exports are raw [materials]: oil, minerals, agricultural products, wood. In that trade, the countries compete amongst themselves.

The same occurs in MERCOSUR, including in the case of Brazil, the (member) country with the largest fabricated goods industry, where 47 percent of its exports are raw [materials]. That's how the four full members of MERCOSUR —Argentina, Brazil, Paraguay and Uruguay— compete amongst themselves to export beef, soy, minerals. They have similar production patterns, with the intra-regional trade being very important only for Paraguay and Uruguay —the two small [countries] of the bloc— but it has little significance to Brazil and is barely important to Argentina.

What other internal crisis factors are there?

The first internal factor is that there has not been an economic and productive articulation. The second is that the industrialization process South America's largest country, Brazil, is at a standstill. Since the early 1990s it not advanced in its industrialization, and it puts less and less emphasis on



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a regional integration with political and economic components, because it now envisions itself as a global exporter and targets interests in India, South Africa and China.

This brings up the third factor in the crisis, which is that regional productive agreements require that there are links and rules respected by all parties. Brazil [the only country in South America to do so] rejects this position, claiming it affects its sovereignty. As a result, there is a high incidence of [countries] failing to comply with the agreements; there are many traps in non-trade provisions.

And there is a fourth factor due to the enormous emphasis that Argentina and Brazil put on bilateralism, whose culminating point was the approval of the Competitive Adaptation Mechanism [in February], a bilateral agreement that excluded Paraguay and Uruguay. [It was] a strong blow to the integration process. For these smaller member countries it was a powerful act of marginalization ... [and they] responded by flirting with the United States.

Are the interests of multinational companies pressuring the government what's behind all of these differences?

The panorama of the multinationals has drastically changed and that affects the integration processes in sometimes unexpected ways. The first important change is that a substantial proportion of companies in the Southern Cone are trans-Latin American. They are from the very region; they operate in the region. The clearest

case is Petrobras of Brazil, which is present in Bolivia, Argentina, Uruguay, Bolivia, Peru and Ecuador. In some of these countries there are serious conflicts with Petrobras that are similar to those from 10 years ago with the big Northern Hemisphere oil companies. There are many more regional companies now in the oil, gas, electricity and agricultural sectors.

Doesn't that help integration processes?

If we observe international experience, sometimes these companies contribute to the integration process because they force regional trade, they create production chains with linkages in the other countries. That contributes to the integration processes but it needs to be watched and regulated by the governments so that everything isn't reduced to simply extracting raw materials from one country to send them to another. So there is no real production articulation, that is not the optimal concept that we see when we make a car, for example, when one makes the spark plugs, another the pistons, and a third country makes the radiator. No, what we have here is trade where Petrobras extracts natural gas from Bolivia and this feeds the automotive industry of Sao Paulo, but the Bolivian industry does not participate by manufacturing car parts for Brazil's automotive industry at all.

Is integration a suitable arm to confront globalization?

Integration is indispensable to have development autonomy within these global processes. However, the current integration process as it is formulated,

further accentuates regional dependence on globalization because it keeps Latin America in a pattern of exporting raw materials. The alternative proposal of the progressive administrations of the three largest South American countries —Argentina, Brazil and Venezuela— doesn't resolve this problem because in the case of energy, for example, interconnection is confused with integration. Constructing gas pipelines from one country to another alone does not mean integration. That Bolivia or Venezuela send gas or oil to their neighbors does not create the integration process. In an integration process what's needed is the articulation of production and of the economy.

The clearest case where we've come to a standstill on true integration —which also implies productive, social and political [integration]— is not many of the disputes that appear in the newspapers every day, but instead, the fact that MERCOSUR lacks a common agricultural policy. By not having this, all the countries are competing to export soy and beef. But the ideal conditions for a common agricultural policy are there. What is going to be produced needs to be resolved, while considering the first destination of that production should be oriented toward resolving the food needs of the region and the national demands.

In your point of view, what is required to overcome the current crisis?

In my understanding, it requires another type of thinking. This debate started 15 years ago, when integration was a form of protecting one's country and to look for alternatives to the pres-

ence of transnational corporations or to the negative influences of the industrialized economies of the North. Now we're facing our own ghosts, our own contradictions and we're before the paradox that with governments that define themselves as center-leftist, or progressive, the regional conflicts persist and in many cases, have become more pronounced. This needs to be contemplated beyond the simplistic pleas for integration that governments make, only to later not visualize [it] with concrete measures.

When you say "our own ghosts", are you speaking about sovereignty, misunderstood nationalism?

Nationalism is one of the big ghosts. It shows up when regional problems are addressed and [we] try to cover up our own errors, only looking at the errors of other countries. There is also a tireless reference to the image of national "distinction": our country would be different and better than others and many of the national problems are due to restrictions and the difficulties that our neighbors impose on us. This inevitably ends up flowing into superficial analyses where regional blocs are talked about but their strategies are not reviewed in detail.

They are these ghosts that lead us to geopolitical short-sightedness, whose clearest example is when one says that all of Latin America's integration problems are the fault of the United States and the other industrialized countries. There is a lot of truth to that, but that cannot impede us from being capable of analyzing the real tensions and contradictions that exist among Latin American countries.