

PLENARY SESSION 1

The Process of Integration in the Americas: Overview, Assessment and Future Prospects

Summary of the Plenary Session 1

Chair:	Mr. Fernando Solana Chairman of the Committee of Foreign Affairs, Senate of Mexico Alternate President of the Latin-American Parliament
Vice-chair:	Mr. John Ciaccia Member of the National Assembly of Québec Vice-President of the Conference
Speakers:	Mr. Gert Rosenthal Executive Secretary of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC)
	Mr. Roberto Bouzas Senior Researcher in International Relations at the Latin American Faculty of Social Sciences (FLACSO)
	Mr. Peter Hakim President, Inter-American Dialogue
Secretary:	Mr. Gaston Bernier National Assembly of Québec

Mr. Gert Rosenthal is currently Executive Secretary of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). In Guatemala, he was a senior official of the Department of Finance and Secretary General of the National Council of Economic Planning. Active within the United Nations since 1974, he was director of the regional bureau of ECLAC in Mexico City, before becoming assistant executive secretary of that UN organization. He also worked within the Secretariat of the Central American Common Market. Mr. Rosenthal has many publications to his credit on various issues related to development, particularly those involving Central America.

Mr. Rosenthal's speech dealt with the possibility of harmonizing three trends which are manifesting themselves simultaneously in Latin America and the Caribbean: unilateral trade liberalization, the conclusion of formal free-trade agreements and the consolidation of sub-regional integration processes, and the commitment toward the creation of a hemispheric free-trade area.

Firstly, the speaker stated that it was a recognized fact that participation in regional or international groupings is fully compatible with the obtention of a better positioning within the international economic market. Countries consider their participation in regional economic integration processes not as an alternative solution, but rather as a complement to their entry into the global economy.

All States wish for a more open and transparent international economy. In addition, they perceive the integration process as constituting the basis of an international economy without protectionism or barriers to the trade of goods and services. They are also aware that, depending on their nature and scope, the commitments toward integration may restrict or facilitate the transition toward increasing interdependence guided by the rules of the market and oriented toward a better insertion of the traditional economies.

Mr. Rosenthal also raised questions about the fact that the proliferation of bilateral and sub-regional integration agreements in the countries of Latin America and the Caribbean might make it more difficult to implement the regional agreements. What most affected the regional market, in his view, was the overlapping and contradictions between the different agreements.

The creation of a hemispheric free-trade area raised a third questioning: must the deepening of the existing agreements take place prior to their broadening to include other members, or can broadenings of a thematic or geographical nature be applied simultaneously? There was a divergence of opinion. On the one hand, the experience of Mercosur demonstrated that it was possible to proceed with the establishment of a common market, while incorporating new actors such as Bolivia and Chile. On the other hand, arguments were brought forward in favour of a tightening of agreements before broadening them, in order to avoid making commitments toward third countries that could imperil the gains made by a group.

A final question remained, relating to precedents. It concerned the harmonization of national policies with the sub-regional and regional policies. The liberalization of trade was advancing more quickly in certain countries and this reality could lead to possible tensions arising out of integration commitments.

Despite the above, Mr. Rosenthal nevertheless felt that it was possible to launch a hemispheric integration process compatible with the rules of the World Trade Organization (WTO). However, this would have to fulfill many requirements. In particular, it would have to aim toward a generalized liberalization of markets, covering all sectors of the economy. To begin with, the countries must enjoy flexible membership conditions. Furthermore, an integration process must be established based on simple and transparent rules that are reassuring to member States particularly in the area of safeguards, countervail duties and the settling of disputes. Mr. Rosenthal believed that the sectorial agreements adopted in the framework of the WTO should serve as reference points for integration agreements. In addition, the establishment of a system of common external tariffs is important in order to avoid the risk of seeing the original rules converted into disguised restrictions to international trade. He also mentioned that the extension of national treatment in the area of intra-regional investment must be considered. This clause could eventually enhance the revitalization of investment in certain previously neglected sectors. Finally, the harmonization of national standards must constitute a fundamental element of integration in order to reduce transaction costs and to accelerate technical progress.

In the context of growing trade liberalization, the most important thing, according to Mr. Rosenthal, lies in the reinforcement of the Latin American and Caribbean integration and in the simultaneous implementation of the commitments adopted at the Miami Summit in 1994. The enormous and as yet unexploited potential of this common enterprise should serve as a source of inspiration for the coming years.

Mr. Roberto Bouzas is a Senior Researcher in International Relations at the Latin American Faculty of Social Sciences (FLACSO) in Argentina. He is also an independent researcher for the National Council for Scientific and Technical Research (CONICET), and coordinates the Centre for North Americas and European Studies at the External Service of the Nation (ISEN). With a licence in economic sciences from the University of Buenos Aires and a Master's degree in economic sciences from Cambridge University, he is specialized in international economics, a subject on which he has

published many works. He is a full professor at the Faculty of Economic Sciences of the University of Buenos Aires, at the ISEN, at FLACSO and at the University of San Andrés. In addition, Mr. Bouzas is an advisor to national and international organizations.

Mr. Bouzas underlined that the idea of hemispheric integration is not a recent one. Since the project of Simón Bolívar, the Americas have seen various attempts at integration, some of which have unfortunately provided only highly mitigated results. Nevertheless, these experiences have made it possible to develop a contemporary vision of the hemispheric integration process.

Firstly, he referred to the major transformations that made it possible to relaunch this idea. The NAFTA is one of the three new facts to be considered. The importance of this economic agreement lies in the fact that it connects the industrialized world with the developing world. This association would have been an unlikely one fifteen or twenty years ago. Secondly, the progress of negotiations made it possible to lend credibility to the pursuit of such a large-scale project. The third indication of change is the dynamism of the integration process. Indeed, the regional integration processes of the Americas are fruitful and establish a climate of increasingly great economic interdependence between the participating countries. Mercosur is a good example of this.

This global development can be explained in part by a modification of the trade policy of the United States. Mr. Bouzas maintained that on account of growing dissatisfaction with the GATT system, the United States turned toward regional agreements as instruments for the pursuit of their national interest. This development can also be explained by the structural reforms and trade liberalization achieved by the countries of Latin America and the Caribbean. Finally, since the search for new markets has become the main thrust of trade policies and since the United States possesses the largest market in the Hemisphere, any free-trade project in which the United States participates has a tremendous power of attraction. Nevertheless, this project must satisfy the interests of the United States. The complexity of economic integration, according to Mr. Bouzas, lies precisely in the heterogeneity of the interests of the countries of the Hemisphere.

Secondly, the speaker underlined the major challenges that must be faced by the negotiators of the Free-Trade Area of the Americas (FTAA). First there is the definition of the actual scope of the agreement, namely the establishment of the framework governing its set of themes. Next, the implementation strategy must be determined so that everyone may benefit from it, understand and reconcile the various national incentives in participating in the FTAA. Finally, it will be important to ensure equitable distribution of the costs and benefits resulting from economic integration.

Mr. Bouzas concluded his speech by stating the key elements of success for the hemispheric integration process. Hemispheric integration must aim toward economic growth and toward improving the well-being of all. The policies of the FTAA must have a catalytic effect, while preserving the gains made in the regional integration processes. The success of the project also depends on the participation of all, not only of the governments, but also of parliamentarians and of the population.

Mr. Peter Hakim is the President of Inter-American Dialogue, the principal American centre devoted to the analysis of politics and exchanges of viewpoints on the issues relating to the Western Hemisphere. The author of a regular column in the Christian Science Monitor, he is also the author of many texts and publications centred on the relations between the United States and the Latin American countries. Mr. Hakim is a member of several management committees and advisory committees, particularly those of the World Bank, the Inter-American Development Bank, the International Center for Research on Women, the Carnegie Endowment for International Peace, and Human Rights Watch/Americas.

Mr. Hakim mentioned, to begin with, the importance of the Parliamentary Conference of the Americas for the Parliaments to be considered as actors contributing to the improvement of the relations between States and to the development of a constructive foreign policy. This Conference also enhances the exchange of viewpoints between parliamentarians, on both national and

international issues.

As a complement to the presentations by Messrs. Rosenthal and Bouzas, Mr. Hakim dealt with the political aspect of integration, and more particularly with the forms that the institutions of Hemispheric “governance” should take. To Mr. Hakim, if the international community needs a World Trade Organization, then the Americas must equip themselves with an organization — less formal and possibly connected with an already existing organization — to manage their own economic integration. This organization would also enhance the dialogue between States on topics of common interest, particularly on issues such as the interruption of the constitutional order, democracy or Human Rights. It could also draft joint regulations on a certain number of problems (drugs, the environment, immigration, etc.) that the States cannot regulate unilaterally. It is also necessary to undertake multilateral action for the establishment of universal rules and standards in the area of education and the fight against poverty.

The President of Inter-American Dialogue identified three obstacles to the development of an organization for hemispheric “governance”. First, he raised the institutional weakness of the Organization of American States (OAS) and its lack of credibility. In his view, it is imperative to continue the initiative undertaken by the Secretary General of the OAS, Mr. Gaviria, to strengthen the organization. The tendency of the United States to act unilaterally constitutes another problem, and according to Mr. Hakim, a change in attitude on their part is due. Finally, the speaker alluded to the erroneous vision that the countries of Latin America and the Caribbean have of the OAS, which is often perceived as an impediment to unilateral American action, rather than as an organization dedicated to the solving of problems.

Lastly, Mr. Hakim formulated a few suggestions for the improvement of the overall situation of the region. In his view, it is indispensable for all the countries to work in concert, in a transparent manner, toward the restructuring of the OAS, and that they agree on the best way to cooperate in order to deal with problems of common interest. Other institutions will sometimes have to be called on to contribute, depending on the problems to be solved. According to Mr. Hakim, the Summit of the Americas represents a highly appropriate forum in which to discuss hemispheric “governance”.

Indeed, the first meeting in Miami demonstrated that it was possible to agree on important issues. The Summit of the Americas must serve as a forum of discussion on the difficulties faced by the Hemisphere. The issues of the circulation of capital and of the situation of Cuba must appear on its agenda. Finally, he suggested that the restructuring of the OAS be done in such a way that the process of Summits may be placed under its aegis, in order that it may become the cornerstone of multilateral cooperation in the Hemisphere.

SUMMARY OF DISCUSSIONS

The first plenary session ended with comments from a few of the participants. A parliamentarian from Mexico recalled the complexity of the concept of the economic integration of the Americas and the impossibility of transposing the European model of integration on account of the economic and social inequalities of the region. A Venezuelan delegate expressed his concern regarding the problem of the foreign debt. A Brazilian parliamentarian alluded to certain damaging effects of globalization, such as the increasing of public indebtedness and the impoverishment of the populations. In his opinion, it was necessary to avoid repeating the same errors, and to work towards a FTAA for the benefit of all. A delegate from St. Vincent and the Grenadines questioned the mechanisms envisaged to facilitate the integration of the small Latin American economies in the international economy. And, finally, a member of the Chamber of Deputies of Brazil emphasized that the arms race is a threat that weighs heavily on the countries of Latin America, and suggested that parliamentarians unite to solve the problem.