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The progress of ideas

## EVOLUTION OF THE PHENOMENON INTEGRATION IN LATIN AMERICA (SOUTH AMERICA)

### Abstract

*With the end of the Cold War, the creation of a South American economic space has become an important priority of regional powers (Brazil, Argentina, Chile), and the great powers after the war, the U.S. and the European Union (the current name).*

*This integration process has had particular features derived from characteristics of Latin American countries. Multitude of organizations integrative role once again demonstrates the specificity of this process in Latin America to other areas of the world: Africa, Asia, Europe, etc. Contradictory developments phenomenon / Latin American integration process gives substance its characteristic and I will make, probably deeply and future.*

**Key words:** ALBA, CELAC, ALENA, CARICOM, *The integration of Latin American countries (South America), MCCA, MERCOSUR, Andean Pact, The South American integration process, UNASUR, Free Trade Area of the Americas.*

### 1. Introduction

We appreciate that South American integration process is centuries old. It is not the purpose of this study to examine the history of this process. European cities, especially Spain and Portugal, very ambitious way to find new water to colonies in Asia, have discovered the American continent with its two variants - North and South - included in Central and South Americas then, other new colonies and "civilization" (not always the case) the current state today, making Latin America.

In the second part of the last century, after the Second World War were founded integrated socio-economic and cultural Latino American countries and those in South America. International Negotiation under the auspices of GATT (General Agreement on Trade and Tariffs) such as the 1960 Kennedy Round, Tokyo Round in 1970 and then negotiation of the Uruguay Round, signed in April 1993, are clear examples of the elimination of customs barriers and trade in circulation goods. We appreciate that these negotiations were the beginning of the current Latin American integrationist phenomenon that has changed a lot and will continue to change as more countries and peoples of this continent. Emphasizing nationalism in some South American countries, and in some areas, exacerbating ethnic tensions have accompanied strengthening economic pluralism, social and political.

Dominated economically, militarily and politically by one or a few nations, South American states were subject to the power Political leadership and economic influence are divided entirely. Brazil and Mexico South American continent - on the North American are the only U.S. states, federal principles themselves organized, managed the U.S. model, which were imposed in the rush of many post-war changes. Latin American governments, which for many years have tried to isolate economies today are trying to adopt reforms tailored to the principles of western capitalism. To have succes, these national economies increasingly tend more to integrate into the regional economy (Latin America and then the Americas) and only

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finally in the global economy. Political and economic alignment among Western industrialized nations, will force them to adapt so.

Trade in goods between nations is well defined differences between these nations - in terms of natural resources, labor skills, consumer tastes. Producing nations in preference those goods and services that are competitive in the whole world nations. International trade is still valid theory of comparative advantage of David Ricardo, developed in the early nineteenth century the principle of national differences in technology. Today, the theory of comparative advantage continues to argue that free trade between nations will maximize global welfare. But nations - and here are poor and South American states - have not yet solved the other principles of movement: the human resources, capital, currency, information and knowledge. Here the South American (Latin American) have the confederation U.S. model, closer geographically, who exercise such a powerful influence on all levels in the area. But the model and the European Union - now an economic entity in search of their identity social, political and cultural, but containing the main cities of South American colonies, Spain and Portugal. And this is a historical advantage seems to exceed that geographic. And if we consider the main share of the population in the U.S. - Latin American and Afro-Asians, have a smashing argument, yet sufficiently well understood deoameni ordinary and policymakers of countries in the region ... Evolution of Latin American integrationist phenomenon of the last half century may well be understood and followed encapsulating the member organizations and integrating Latin American vocation.

## **2. Integrative-oriented groups in Latin America (in alphabetical order)**

### **BOLIVARIAN ALLIANCE FOR THE AMERICAS (ALBA)**

The ALBA union was created at the initiative of Venezuela and Cuba in 2004. Now includes 8 countries. The main contents and strategic orientation of the project are expressed already in its name. The abbreviation «alba» literally means "a dawn". The main principles of integration into ALBA are economic complementarity and cooperation of the participating countries. Economic target of Bolivarian integration is formation of the balanced system of the international division of labor weaknesses of one national economy were compensated by strengths of others. Unlike traditional forms of integration, into ALBA the priority is given to questions of social and cultural development. ALBA further all promoted on the way of original independence, both economic, and political. The Bank of ALBA was created in 2007, and since 2010 the general currency of SUCRE (Sistema Único de Compensación Regional – Uniform regional system of mutual settlements) functions in a non-cash form. This initiative directed on overcoming of dependence on US dollar, is considered by members of ALBA as the main anti-recessionary tool.

### **ALENA**

Regional Assembly created on 1 January 1994, is a free trade area that operates between the U.S., Canada and Mexico. The main objective was ALENA set of free movement of goods, services, capital, at the express request of the U.S., over a period of about 15 years, without having to involve a common trade policy or economic or legislative harmonization. This understanding obstacles suppress investment and open a market for each state services, banking, insurance, telecommunications, transport, business competition with other foreign partners. Taken together, the three states comprise a market of 386 million consumers and have one enormous economic potential. However, there are fairly large differences between the three countries in terms of economic development: thus, GNP / capita in the U.S. and Canada exceeds \$ 25,000, up from \$ 4,000 in Mexico.

Achieving this agreement led to an explosion of trade, but there is danger of economic interference can be particularly damaging in terms of Mexico, and the financial and economic crisis in this country may have a negative impact on the U.S. dollar.

#### CARICOM

It was created in 1973 by Caribbean Free Trade Association (founded in 1965), which comprises 11 small island states and three continental countries of Latin America, who tried to harmonize macroeconomic policies, aviation and hopes to put together a common market.

#### MERCOSUR

Represents the common market "southern cone" of South America and includes the most important member in our view, located on the continent (in alphabetical order): Argentina, Brazil, Paraguay and Uruguay. On June 25, 1996 have been associated to MERCOSUR, Bolivia and Chile, and Bolivia asked a customs procedure - by reducing customs duties on its exports to MERCOSUR countries. Chile needs MERCOSUR countries for its exports, foreign investment and Argentine gas. Also, Peru has begun discussions Association in March 1996 and signed in this free trade agreement.

#### MCCA

Central American Common Market is one of the oldest organizations with integrating Latin America, arising from the signing of the Charter of San Salvador in 1951. Aims to economic, social and cultural between five Central American countries, which together want better access within the organization structure ALENA.

#### ANDEAN PACT

Founded in 1969, includes five countries - Bolivia, Colombia, Ecuador, Peru and Venezuela - located along the Andean Cordillera. Initially State, Chile withdrew from the organization in 1976. At the eighth meeting in Trujillo (Peru), on 10 March 1996, decided to reorganize institutions: political representation has been created, a permanent general secretariat and other intermediary bodies were structured organization. There is some disagreement among members of the organization: Peru wants a free trade area, and the other four countries want a customs union. Marked by these misunderstandings, Colombia and Venezuela formed with Mexico, "Group of 3".

#### UNION SOUTH AMERICAN NATIONS

(in spanish: Unión de Naciones Suramericanas in Portuguese: União das Sul-Americanas Nações, abbreviated: UNASUR, or UNASUL), known until April 2007, like South American Community of Nations.

UNASUR is a regional political and economic organization, founded by 12 countries in South America. It was established on 8 December 2004 in the Peruvian city of Cuzco during the Assembly of III of South American heads of state. The declaration of incorporation have established the following objectives: 1. concentration, coordination and diplomatic policy in the region, 2. convergence between Mercosur, the Andean Community and Chile into a single free trade area. Objectives: a) energy integration and communication întrețările South America, driven by Initiative for the Integration of South American Regional Infrastructure b) harmonization of rural and agri-food policies dezvoltare c) technology transfer and horizontal cooperation in scientific, educational cultural and d) increasing the interaction between commercial media and civil society, e) promoting gradual measures, actions and areas of action based on existing institutions.

Meeting of Foreign Ministers of the member countries formulate concrete proposals for action and executive decisions. Meetings of Heads of State are higher courts in political leadership. Their first meeting took place on 29-30 September 2005 in Brazil, and the second meeting - in Bolivia in 2006. Host a meeting of Heads of State holding the Presidency and gives temporary headquarters for a year of organization.

Founding members are member countries of the Andean Community (Bolivia, Colombia, Ecuador, Peru, Venezuela), Mercosur (Argentina, Brazil, Paraguay, Uruguay and Venezuela again). Subsequently, affiliated Chile, Guyana and Suriname. The status of observer countries: Mexico and Panama.

UNASUL started plans of integration of Latin American countries through the construction of a highway linking Brazil to Peru, through Bolivia. So Brazil won out on the Pacific Ocean and Peru - the Atlantic Ocean. Construction took place from 2005-2009, being financed by Brazil - Peru 60% and 40%. He built a pipeline to transport gas joint Natira called Energy Inelulul South American pipeline that Argentina, Brazil, Chile, Peru and Uruguay Peruvian receive natural gas. Binational pipeline is another project aimed at energy integration between Colombia and Venezuela. Construction took place between 2006-2008. Project beneficiary was Venezuelan state oil company PDVSA, and the project cost was \$ 300 million.

President Hugo Chavez possessed an initiative of renaming of the block from the „South American Community of the Nations” in the «Union of South American Nations”. In recent years UNASUR proved as the important instrument of maintenance of regional stability. It possessed a defining role in development of joint decisions during putsches in Honduras in June 2009 and in Paraguay in June, 2012, and also putsch attempts in Ecuador in September, 2010. Within states of UNASUR with different political orientation managed to develop the uniform and coordinated policy on a constitutional order. From our point of view, effective work of UNASUR opened possibility of creation of the CELAC megablock.

COMMUNITY OF LATIN AMERICAN AND CARIBBEAN STATES (CELAC abbreviation in spanish )

Formation of CELAC became a peculiar answer of Latin America to the hegemonic plans of the USA connected with FTAA. If FTAA was planned as the association including all countries of the Western hemisphere, except Cuba, CELAC – association of all countries of a hemisphere, except the USA and their next ally – Canada. The idea of creation of CELAC belongs to Brazil and Mexico, however in fact and to spirit it is Bolivarian idea. The plan of association of Latin America on the basis of the principles of equality and independence goes back to Simon Bolívar, standing at the origins Latin American unity. It is possible to tell that CELAC extent embodies dream of the Liberator of the Great Homeland (Patria Grande). It isn't casual that the constituent summit of the block (December, 2011) took place in the Venezuelan capital. In CELAC the principles of democratism and equality are realized in the maximum degree: decisions are made only by consensus and a voice of each state regardless of its geopolitical role and economic scales is equal with others. Also the idea of the block most reflects understanding of a place and a role of Latin America in the world scene. H.Chavez always defending idea of the multi-polar world. CELAC in this world system of coordinates acts as the Latin American pole. The block already declares itself as about the subject of the global international relations.

#### FREE TRADE AREA OF THE AMERICAS

Negotiations for the construction of a single market - Free Trade Area of the Americas (FTAA) brought to Miami (USA) in 1994, 34 countries (of which 24 are considered small economy) in the Americas except Cuba. The organization was confirmed in Santiago de Chile in 1998, and "construction" they had to be completed in 2005.

Washington has estimated that the establishment of Free Trade Area of the Americas opens a new era of cooperation, bringing for the first time the Americas in a common project. Only a small part of Latin American leaders share this view, however.

The FTAA project wasn't realized by planned 2005. At the Summit of America in November, 2005 in Mar del Plata H.Chavez called a result of negotiations "death of FTAA". Progressive scientists qualified this neoliberal project as the first step to formation of the

global economic constitution of the World Trade Organization (WTO) which would reflect only interests of the large transnational capital. The project was based on asymmetric integration and assuming the maximum openness of economy of Latin America for corporations of the USA. In case of realization could cast the region in new "the lost decade". The failure of the FTAA project opened a way of independent Latin American integration. This tendency is most incarnate by ALBA, UNASUR) and CELAC.

### 3. Conclusions

In recent years we are witnessing a forced integration of Latin American countries. The deepening economic integration between nations of the South American continent in many cases led to the erosion of differences between national economies and to "undermine" the autonomy of national governments, the trend does not show signs of stopping. Profound changes in the fields of technology, society and culture of South American Nations brought closer together by reducing real economic distance between them. International economic interdependence has significantly improved the living standards of many nations and promises considerable further benefits, says Ralph C. Bryant.

But economic integration imposes many challenges national governments. All these objects present complex economic dimensions, and governments need to understand very well the economic costs and benefits involved. Undoubtedly, the challenges are profound social, political, cultural and spiritual. Strong competition between national political sovereignty and increased cross-border economic integration unmoderated may cause major problems if national policies and international cooperation in this area are poorly coordinated.

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