

Venezuela-Brazil ties not on IMF's agenda

by David Ramonet

International financial elites were most unhappy with the initiatives taken in early July by Venezuelan President Rafael Caldera and Brazilian President Fernando Henrique Cardoso, toward strengthening a strategic alliance between their two countries. On a small scale, such an alliance, reflected in a number of bilateral integration and development agreements signed by the two heads of state during Cardoso's July 3-6 visit to Caracas, can point the way toward genuine hemispheric integration, based on what an affirmation of national sovereignty and the concept of social justice could accomplish for the entire continent.

President Caldera, who has resisted the International Monetary Fund's (IMF) demand that he implement its austerity dictates, has selected Brazil as Venezuela's partner. In mid-June, his foreign minister, Miguel Angel Burelli Rivas, told a seminar in Brazil, "We have deliberately chosen the neighbor with whom we have always lived in peace, with whom we can speak clearly, and [to whom] we can show all our cards."

The two-day meeting in Caracas comes at a moment when the majority of Ibero-America's economies are rupturing under the weight of the IMF's free-market dictatorship. The optimistic integration agenda which the two leaders put on the table gives a headache to the international banking elites as they struggle to maintain control over Ibero-America, while the world economy disintegrates.

Defying British geopolitics

This bilateral integration initiative also flies in the face of attempts by avowed British agent Sir Henry Kissinger to establish a "special relationship" between his faction in the United States and Brazil, to ensure that Brazil does not stray from the British geopolitical fold. During a mid-May visit to Brazil, Kissinger made this clear when he described the U.S.-Brazil "special relationship" he had in mind as "similar to the special relationship [the U.S.] had with great Britain." Under the guise of establishing a special consultative mechanism with Brazil, Kissinger's plan is to turn this South American giant into a gendarme of Anglo-American policy for the entire continent.

From the first moment that he arrived in Caracas, where he had been invited to help commemorate the 148th anniversary

of the signing of Venezuelan independence (the first foreign head-of-state to be accorded this honor), President Cardoso repeatedly expressed his support and admiration for his Venezuelan counterpart. The Venezuelan President is currently the only Ibero-American leader struggling to deal with his country's serious economic problems outside the framework defined by the IMF.

Exemplary was an incident which occurred during a joint press conference at the Presidential palace of Miraflores following the signing of joint integration accords. A Brazilian journalist asked both leaders to comment on how to reconcile the need to seek foreign capital and reform the state in the context of a globalized world, with the ideals of social justice as proclaimed by Brazil's Social Democrats and Venezuela's Social Christians. Cardoso let Dr. Caldera answer for the both of them:

"I think that the governments of Brazil and Venezuela are both open to foreign investment; we want foreign investment. Of course, we want to encourage foreign investment to come not to speculate with the potential of the country, but to obtain legitimate benefits from constructive investment that helps us with our economic development program. But we do not find any incompatibility in the desire to encourage economic activity while orienting the concerns of the State toward a social goal."

President Cardoso added that "there is nothing more to say, because President Caldera has said precisely what I think."

This view was reaffirmed in the Declaration of Caracas issued at the conclusion of their meetings, a statement of principles guiding relations between their two countries: "Our relations are premised on the firm political will of our governments and on the determination of our societies to construct a common future of democracy, social justice, prosperity, and growing integration."

Toward Ibero-American integration

Although neither leader has taken the critical step of breaking openly with the International Monetary Fund, they both expressed an awareness that the tendency toward globalization of the economy—with the elimination of national sovereignty and the supremacy of the speculative financial markets over national economic interests—is not the only historic alternative of the moment, nor is it the most viable, as proven by the innumerable warnings suggesting the imminent demise of the international financial system as currently constituted.

The alternative to that tendency is the economic integration of Ibero-America. This goal, according to a June 27 statement by Brazilian Ambassador to Caracas Clodoaldo Huguency, can be accomplished within the next ten years, even before the deadline set at last year's Summit of the Americas in Miami for establishing a hemispheric free-trade zone along the lines demanded by Kissinger. According

to Huguency, the "globalizing" tendency would force the nations of the region to "freely trade" with the most powerful economies of the world. What is required, he emphasized, is not necessarily the formation of blocs, but to try to develop the national and regional economies to the point that they can "insert" themselves into world trade on equal terms of trade.

Toward that end, the documents signed by the two heads of state outline plans to establish transportation, communications, and energy links between the two countries, especially between Venezuela's less-developed south and Brazil's impoverished northeast. "Joining efforts, we will more easily overcome the immense challenge of developing these regions," states the Caracas Declaration, the "Acts of Miraflores" (see **Documentation**).

Ambassador Huguency explained to foreign press correspondents on June 27 how Brazil could play an integrating role between the Andean Pact and Mercosur (Southern Cone Common Market). Brazil, he suggested, could absorb the trade deficits of all the countries with which it shares borders, without triggering any competitive conflicts with Brazilian companies.

Historically, the greatest obstacles to integrating the Andean Pact, for example, have been the difficulty in establishing a framework of complementarity, since the countries of the region produce more or less the same products. As a result, national business interests tend to put obstacles in the path of adopting common customs policies. Brazil could break that vicious cycle because of the sheer magnitude of its own economy, as well as its quality and variety, and thus could successfully complement the economies of its neighbors with favorable terms of trade. Brazil could meanwhile meet its own commercial balance with trade outside the region.

Oil integration

Both governments consider as a fundamental aspect of their relationship the role their respective state oil companies must play. The Protocol of Intent signed by Joel Mendes Renno, president of Brazil's state-owned oil firm, Petrobras, and by Luis Giusti, president of Petr6leos de Venezuela (PDVSA), establishes the basis for both companies to form a strategic association, Petroam6rica, without sacrificing either national company.

Already under negotiation is a plan to install a refinery in one of Brazil's northern states, and the participation of Petrobras—as soon as the Brazilian Senate approves it—in oil exploration activities inside Venezuela.

Such an integration of efforts comes at a critical moment of debate over Venezuelan oil policy. For example, the Venezuelan Congress approved on July 4 a bill through which the private sector—both national and foreign—would be allowed to participate in exploration, drilling, and exploitation, activities traditionally reserved to the state alone.

Documentation

The 'Act of Miraflores'

The following are excerpts from the "Act of Miraflores," issued by the Presidents of Venezuela and Brazil following their meetings in Caracas on July 3-5.

The President of the Venezuelan Republic, Rafael Caldera, invited the President of the Federated Republic of Brazil Fernando Henrique Cardoso, to conduct a state visit to Caracas on July 3-5, 1995. In that context, the two leaders reiterated the high priority that their governments give to bilateral relations and their constant strengthening. The special circumstance of having the Brazilian head of state present at the official commemorative ceremony of the 184th anniversary of the signing of the act of independence of the Venezuelan Republic, is testimony to the fraternal relations that exist between the two neighbors and friends. . . .

In reference to the issues of trade and hemispheric integration, the Presidents attributed great importance to the efforts currently under way toward the conclusion of a free-trade agreement between Venezuela and Mercosur [Southern Cone Common Market], and reaffirmed the determination of their governments to assure success for the respective negotiations. . . . At the same time, they stressed the common goal of a broader economic area in the South American region, through the formation of a free-trade zone between the Andean Pact and Mercosur, an indispensable step to advance the process of regional, Latin American, and hemispheric integration. . . .

The heads of state stressed the central role of the physical integration of their two countries, an essential condition for the strengthening of cooperation and trade, especially between the border regions. In this sense, they emphasized the significance of having concluded the paving of highway BR-174 in a stretch running from Caracará to the border site BV-8, which represents the first paved highway connection between the capital of a Brazilian state, Boa Vista, and Venezuela. The paving of the same highway in the Caracará-Manaus stretch, declared of top concern for the Brazilian government, will give even greater importance to this roadway, in the context of the integration of northern Brazil with southern Venezuela. . . .

Both Presidents stressed the complementarity that exists between southern Venezuela and northern Brazil in the area of energy. In that context, they considered of utmost interest the Guri-Boa Vista-Manaus electricity grid project, which continues to be an object of close examination between the

two governments. The President of Brazil expressed his appreciation for the efforts deployed by the government of Venezuela and EDELCA (Caroní Electrification Agency), in the preparation of an offer already presented to their Brazilian counterpart. The leader of Brazil informed his Venezuelan homologue that technical studies in Brazil on electrical interconnection are in their final phase. The two Presidents hope that the project can be concretized as soon as possible.

Both Presidents expressed their satisfaction with the fact that, as one of the results of the strengthening of Venezuelan-Brazilian relations, the supply of Venezuelan oil and derivatives to Brazil has notably increased. In this sense, they expressed optimism for the favorable perspective of cooperation between *Petróleos de Brasil* and *Petróleos Brasileños*, through joint investigations and associations for the development of specific projects in areas of common interest. They stressed in this regard the possibility that Petrobras might participate in the exploitation of crude oil in Venezuela, and PDVSA would invest in Brazil in the area of refining. Toward the promotion of these projects, the Presidents of PDVSA and Petrobras signed a Protocol of Intentions in the presence of the mines and energy ministers of the two countries.

The two leaders welcomed initiatives posed in the area of cooperation in mining and steel production, such as the use of the Orinoco Industrial Park of CVG-SIDOR, to invest in the Brazilian private sector, and the services of an industrial port in the area; the exploitation of Brazilian experience in the design, engineering, and construction of railway transport, as well as in deep-water ports for the handling of bulk minerals and large-capacity shipping. These possibilities for cooperation also include the development of binational projects between the *Corporación Venezolana de Guayana*, CVG, and the *Compañía Vale Do Río Doce*, CVRD, of Brazil, for the exploration and exploitation of minerals in a sustainable way. . . .

President Fernando Henrique Cardoso expressed his satisfaction to President Rafael Caldera for the offer of cooperation on Venezuela's part for the formation of youth orchestras in Brazil, based on the successful Venezuelan experience in this field. . . .

President Fernando Henrique Cardoso told President Rafael Caldera of his government's decision to join the Andean Development Corporation (CAF), an initiative that represents one more element in the strengthening of integration links among the countries of the region. . . .

In evaluating the activities that have been undertaken in the context of the Amazon Cooperation Treaty, the Presidents spoke of the Brazilian proposal to create a Permanent Secretariat headquartered in Brasilia, for the purpose of giving the Treaty an institutional structure more adequate to the needs of the two countries . . . to achieve the harmonic and sustainable development of the Amazon region. . . .

Interview: Maximiliano Londoño Penilla

Colombia must change its legal framework

During a brief visit to the United States, the leader of the Ibero-American Solidarity Movement (MSIA) in Colombia was interviewed July 7 by Marianna Wertz.

EIR: I would like your assessment of the situation in Colombia following the arrests of Cali drug cartel leaders, including how you think this has affected the Ernesto Samper Pizano regime, and where you think this will go with respect to cleaning out the drug apparatus in Colombia?

Londoño: The situation is very hopeful for Colombia in the sense that President Samper is "caught between a rock and a hard place." That is to say, the pressures which come both from abroad, coming from the Clinton administration, as well as from the great majority of Colombians who wish to rid ourselves of the scourge of drugs, has created an environment in which the government has intervened to succeed in putting some of the bosses of the Cali Cartel behind bars. This is a victory. The fact that Gilberto Rodríguez Orejuela, Santa Cruz Londoño, and others have turned themselves in under the pressure of search and seal operations, has led to the result that they are now under the control of the justice system.

The problem we have now is a juridical problem. The institutional and legal framework, the very penal code itself, does not allow them to have severe punishments. That means that the penal code was actually made by the narcotics traffickers, through their lawyers, when during the previous Gaviria administration, a policy was put through which is now called "the subjugation of justice." It was a deal with the drug lords in which, in order to get them to surrender, the minimum sentence is four years and the maximum is 12 years. In the case of multiple offenders it can increase to a maximum sentence of 24 years. Now, on top of that, a series of options is opened up. If you turn yourself in voluntarily, they lower the sentence by one-sixth or four years. If you cooperate with justice, then they take away one-third of what remains. If you also plead guilty, they lower the sentence by another sixth. If, moreover, you have good behavior and study, then you won't have to serve your whole sentence, but for every two days in jail they take one day away. And so in these conditions, the most that these top crime bosses will serve in jail will be eight years. This is unacceptable from the standpoint of the national interest of Colombia and from the international community's standpoint.

This is the dilemma we face now: how to change this