

South America creates regional union

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BRASILIA, [Brazil](#) -- A new South American union was born Friday as leaders of the region's 12 nations set out to create a continental parliament.

Some see the new organization, Unasur, as a regional version of the European Union. Summit host Brazil wants it to help coordinate defense affairs across South America and [Venezuela's](#) Hugo Chavez calls it a counterweight to the United States.

"The number one enemy of the union of the south is the empire of the United States," Chavez said, claiming that the U.S. is "trying to generate wars in South America" to "divide and conquer."

Brazil's president, Luiz Inacio Lula da Silva, invited other Latin American and Caribbean nations to join the venture. "Unasur is born, open to all the region, born under the signs of diversity and pluralism," he said.

But South American leaders still found their own reasons for division.

Unasur's first secretary-general, Rodrigo Borja, resigned Thursday before the organization formally met. He complained that some leaders had balked at his vision of putting other regional trade blocs, including Mercosur and the Andean Community, under Unasur.

Leaders were also split over plans for a South American Defense Council that would resolve conflicts, promote military cooperation and possibly coordinate joint weapons production.

Colombia is the only nation that opposes joining such a council, saying "the terrorist threat" it faces at home, amid 40 years of civil conflict, precludes military cooperation. Even so, a government statement added, "Colombia does not oppose the creation of a working group to study the theme."

Silva used his speech at the summit Friday to urge wealthier nations to cut farm subsidies and import tariffs, and he defended biofuels, including ethanol, which critics blame for rising food prices.

"We should not be fooled one bit by the arguments of those, who for protectionist or geopolitical motives, feel uncomfortable with our industry, our agriculture and with the realization of our energy potential," Silva told the leaders.

Unasur could ease future political tensions, promoting development on a continent where intra-regional trade topped US\$72 billion (euro54.6 billion) in 2006, experts say.

South America's economy is expected grow by 4.7 percent this year, according to the U.N.'s Economic Commission on Latin America. It expanded 5.7 percent in 2007, when foreign direct investment reached a record US\$106 billion (euro72 billion) as global demand for the region's natural resources soared.