

Brazil's Lula calls for instituting common South American currency

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Brasilia, June 1 (RHC)-- Brazilian President Luiz Inacio Lula da Silva has called for the establishment of a common currency for the South American region in efforts to reduce its reliance on the U.S. dollar. Lula

made the remarks during a meeting with South American leaders in the capital Brasilia on Tuesday, while seeking a more integrated bloc to address common problems within the region.

"[I propose] creating a common credit in trade, thus reducing dependence on extra-regional currencies," he said, while emphasizing the need to "strengthen the South American identity in monetary policy." Lula further noted that regional development banks such as the Andean Development Corporation (CAF), the Bank of the South, and Brazil's development bank BNDES should do more to finance social and economic development in the region.

The Brazilian leader also called for the revival of the regional bloc previously known as the Union of South American Nations (UNASUR), saying South America functioning as a single economic bloc is the only way to effectively deal with problems. "For more than 10 years, UNASUR has allowed us to get to know each other better. We consolidated our ties through a broad political dialogue that accommodated differences and allowed us to identify common denominators," Lula said.

"We implemented cooperation initiatives in health, infrastructure, and defense. This integration also contributed to important trade gains. We formed a robust free trade zone, whose figures reached a record value of \$124 billion in 2011," he added.

Tuesday's regional summit was attended by eleven of the continent's 12 heads of state, including the leaders of Argentina, Bolivia, Chile, Colombia, Ecuador, Guyana, Paraguay, Surinam, Uruguay, and Venezuela at the invitation of Lula. Peruvian President Dina Boluarte did not attend the summit for diplomatic reasons and was instead represented by the leader of the Council of Ministers of Peru.

This is not the first time that regional leaders have proposed the creation of a common currency in South America. The idea of a shared currency within the MERCOSUR trade bloc, comprised of Argentina, Brazil, Paraguay, and Uruguay, has been discussed intermittently since its establishment in 1991.

However, analysts are skeptical that the project could take off anytime soon due to varying monetary policies across the region.

The latest development comes amid efforts by a growing number of countries across the globe to ditch the US dollar in favor of local currencies of trading partners. The global trend to substitute the U.S. dollar with local currencies in trade transactions continues to accelerate as more nations have taken steps to ditch the greenback.

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