

## **Continental Regionalism: Brazil's prominent role in the Americas**

**Susanne Gratius and Miriam Gomes Saraiva**

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### **Abstract**

Brazil has a dual identity as a Latin American country and one of the BRICS (Brazil, Russia, India, China and South Africa). The regional and global dimensions of Brasilia's foreign policy have been closely intertwined. Inspired by the idea of development and autonomy in the last ten years, Brazil has assumed a stronger regional leadership role. The result has been the emergence of a South American space, with Mercosur and Unasur as the main integration schemes. For Brazil, regionalism is not only a goal in itself but also an instrument for exerting global influence and for 'soft-balancing' the United States. Washington's lower profile in the region has facilitated Brazil's rise as a regional and even continental player, with a strong influence on the Latin American puzzle composed of many different pieces or concentric circles.



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# Continental Regionalism: Brazil's prominent role in the Americas

Susanne Gratius and Miriam Gomes Saraiva\*

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## Introduction

The new millennium is somewhat different. The global scenario is more fragmented, marked by a trend towards multi-polarisation, and the global economy has been hit first by the financial crisis that struck the US in 2008, and now with even more serious impacts from the euro crisis. The problems inside the European Union have damaged the credibility of the European regional integration model, and cast into doubt both the economic strategy adopted thus far and the very future of integration in the continent and beyond.

This new reality has paved the way for the rise of new players and contrasting worldviews from the liberalism that prevailed in the 1990s: different conceptions and priorities towards certain deep-rooted principles in the West, such as the responsibility to protect, democracy and human rights. In South America, the emergence, since the early 2000s, of new left-wing governments keen to bring about political reform, reducing these countries' alignment with the United States, and the powerful crisis in Argentina, weakening its influence in the region, have given Brazil more scope for autonomy in the region.

## 1. Brazil's foreign policy between global and regional projection

In these times of change in the shaping of a new world order, Brazil has begun to stand out for its assertive participation in international politics, where it has favoured anti-hegemonic,<sup>1</sup> multi-polar positions and its increasingly strong leadership in its own region. During the Lula administration from 2003 to 2010, Brazil gradually started step-by-step to shoulder the costs inherent in cooperation, governance and integration in the region.<sup>2</sup> At that time, the Brazilian Development Bank BNDES – with a total budget that exceeds that of the Inter-American Development Bank – began to finance infrastructure projects in South American.<sup>3</sup>

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<sup>1</sup> See Susanne Gratius, *Brazil and the European Union: Between balancing and bandwagoning*, ESPO Working Paper No. 2, July 2012.

<sup>2</sup> Brazil's contribution to regional cooperation and integration is still limited, but can be seen in the structural convergence fund (Focem) of Mercosur, in which Brazil contributes 70% of the total and receives only 10%. Brazil's voluntary yearly contributions are of around \$94 million ([http://www.planejamento.gov.br/secretarias/upload/Arquivos/spi/programas\\_projeto/focem/12\\_0131\\_orcamento\\_2012.pdf](http://www.planejamento.gov.br/secretarias/upload/Arquivos/spi/programas_projeto/focem/12_0131_orcamento_2012.pdf)).

<sup>3</sup> See Leandro Couto and Rafael Padula, "Integração da infraestrutura na América do Sul nos anos 2000: do regionalismo aberto às perspectivas de mudança", in A. Serbín, L. Martínez and H. Ramanzini Jr. (eds), *El regionalismo post-liberal en América Latina y el Caribe: nuevos actores, nuevos temas, nuevos desafíos. Anuario de la integración regional y el Gran Caribe 2012*, Buenos Aires: CRIES, 2012, pp. 449-477.

The election of Lula da Silva at the end of 2002 and the ensuing rise of an autonomy-oriented group in Brazil's Ministry of Foreign Affairs cast the country's foreign policy in a new light.<sup>4</sup> Diplomatic support for existing international regimes in the 1990s gave way to a proactive push towards modifying these regimes in favour of southern countries or Brazil's particular interests, which was defined by Lima as soft revisionism.<sup>5</sup>

The idea of bringing other emerging or poorer southern countries on board to counterbalance the might of traditional Western powers served as the basis for the country's international actions. While coalitions with emerging partners helped boost Brazil's global pretensions,<sup>6</sup> its diplomatic efforts were geared towards bolstering its international standing independently of any other nation, with its role as a global player being firmly grounded in the ideas of autonomy and universalism that were the predominant diplomatic thinking at the time.

Alongside Brazil's international rise, its leadership in South America also started to be seen as a priority. Indeed, the moves to boost its global and regional projection came simultaneously and were seen by Brazil as mutually beneficial. The cooperation with its regional neighbours was perceived by policy-makers as the best way for Brazil to realise its potential, support economic development and form a bloc with stronger international influence. The creation of the South American Defence Council and the Brazilian command of the UN peacekeeping force in Haiti, whose troops are drawn from different countries in the region, were seen as helping Brazil towards a permanent seat on the UN Security Council. According to Flandes, in its upward progress in a new, more multi-polar world order, Brazil would need regional clout in global negotiations, but would not be tied down to any form of institutionalisation that might restrict its autonomy.<sup>7</sup>

When it comes to its regional neighbours, however, Brazil's global projection has been observed with some unease. It has not been regarded as beneficial for the region, but simply as a means for Brazil to pursue its own individual goals. This has raised the cost of its regional leadership, which has come under fire repeatedly by neighbouring countries in global dimensions.<sup>8</sup>

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<sup>4</sup> Since the 1990s, Brazilian diplomacy has basically been divided into two schools of thought with the views of political players: the autonomy-oriented (or autonomist) and the pragmatic institutionalist school, which hold different views about the dynamics of the international order, national interests and the best strategy for attaining the overall goals of autonomy and economic growth for the country. Despite their differences, these groups share a common realist perspective. See M.G. Saraiva (2010), "A diplomacia brasileira e a visão sobre a inserção externa do Brasil: institucionalistas pragmáticos X autonomistas", *Mural Internacional*, year 1, No. 1, June 2010, pp. 45-52. In Brazilian diplomatic autonomy, one can see the manoeuvring space a country has in dealing with other states and in international politics.

<sup>5</sup> M.R. Soares de Lima, "Tradução e Inovação na política externa brasileira", Working Paper No. 3, Plataforma democrática, July 2010 ([www.plataformademocratica.org/Arquivos/Tradicao%20e%20Inovacao%20na%20Politica%20Externa%20Brasileira.pdf](http://www.plataformademocratica.org/Arquivos/Tradicao%20e%20Inovacao%20na%20Politica%20Externa%20Brasileira.pdf)).

<sup>6</sup> Amancio Jorge Oliveira, at a panel discussion at the 8<sup>th</sup> Encontro da ABCP, Gramado, Brazil, 1-4 August 2012, highlights the role of the BRIC as a coalition that can leverage Brazil's global actions.

<sup>7</sup> Daniel Flandes, "A visão brasileira da futura ordem global", *Contexto Internacional*, Vol. 32, No. 2, July/December 2010, pp. 404-436.

<sup>8</sup> Andrés Malamud, "Leadership without followers: the contested case for Brazilian Power status", in E.R. Martins and M.G. Saraiva (eds), *Brasil-União Europeia-América do Sul. Anos 2010-2020*, Rio de Janeiro, Fundação Konrad Adenauer, 2009, pp. 126-148, notes that some countries from the region have voted against Brazilian candidates for elected positions in international organisations.

This articulation between global projection and increasingly consolidated regional leadership was also an expression of the political will of President Lula and a pro-integration epistemic community that included left-wing political players close to the Workers' Party and scholars who supported regional integration.<sup>9</sup> Members of this latter group were in favour of consolidating integration in political and social terms, holding that there were real mutual benefits to be gleaned.

Since the beginning of her government, President Dilma Rousseff has maintained her predecessor's foreign policy strategies: a revisionist stance towards international institutions, representation of southern countries and regional leadership. The autonomy-oriented group has continued to hold sway in the Ministry of Foreign Affairs and there have been stronger signs of developmentalism.<sup>10</sup>

However, the importance of presidential diplomacy and the president's role in balancing different foreign policy views, as was the case during the Lula administration, has diminished. Meanwhile, when it comes to the main priorities of foreign policy and the co-existence of global and regional projection, there have been a few changes: South America has given way to a broader ambition to build leadership amongst southern nations, including countries from Africa. And in the balance between global and regional projection, the former has taken precedence over the latter. In economic terms, the region is one amongst other pillars. Brazil's external trade is nearly equally balanced between the EU, Asia/China, the United States and Latin America. Compared to its neighbour Argentina, which increased trade relations with Latin America, Brazil's trade relations with Latin America are at a constant 20% level (4% of the GDP). Nonetheless, an estimated 80% of Brazil's foreign direct investment (FDI) is concentrated in South America.

## 2. Neighbourhood policy and strategic partnerships

In the Americas, Brazil pursued an incremental strategy of expanding its weight, creating different circles step by step. The first dimension of Brazil's regional policy was the integration process with Argentina. From the beginning, Brazil's integration strategy has been closely linked to democracy. According to the Constitution of 1988, promoting the economic, political, social and cultural integration of Latin America is an important strategic objective of Brazil. The alliance with Argentina was created in the middle of the 1980s when the country's democracy was re-established. If rivalry was the dominant pattern in relations between Argentina and Brazil in the 1960s and 1970s, this began to change in the mid-1980s, when both countries returned to democracy and signed several bilateral agreements.

Mercosur represents the second step in Brazil's political designs for the region, although it has followed an asymmetrical integration process. Created in 1991 with the aim of becoming a common market, it was consolidated as an incomplete customs union and, since 2000, has played second fiddle in Brazil's behaviour towards South America, having been identified more as the vector for the consolidation of Brazilian power in the region.<sup>11</sup>

<sup>9</sup> In Brazil, there are many political players, including politicians from the Workers' Party, scholars and artists who, for different reasons, defend in different ways South American integration and, more specifically, the Mercosur. Integration is an issue explicitly mentioned in Brazilian Constitution.

<sup>10</sup> Developmentalism is a specific strategy of development proposed by the CEPAL during the 1950s that was implemented by many Latin American countries for three decades, based on infrastructure and the central role of the state. It paved the way for the economic theory of development.

<sup>11</sup> Lorena Granja, in a doctoral thesis project – "Bilateralización, contexto asimétrico y condicionantes políticos: el caso del Mercosur", IESP/UERJ, August 2012 – characterises the process of asymmetric

Mercosur was created in 1991, which proved that Brazil's foreign policy in the first years of democratic governments clearly focused on its neighbours and particularly on Argentina. From the 1990s until the financial collapse in Argentina in 2001, Brazilian regional policy was clearly limited to Mercosur, including the two smaller countries Paraguay and Uruguay. The crisis in Argentina and the rise of Brazil began to change Brasilia's neighbourhood policy. Under the government of Fernando Henrique Cardoso (1995-2003) and particularly during the first term of the Lula Presidency, Mercosur was increasingly seen as a platform for a broader integration process in South America.

In spite of the Brazilian support to Argentina in 2001, since then the bloc has faced trade-related difficulties and has ceased to exert any significant influence on Brazil's global strategy. Meanwhile, its objectives have been redefined: at the initiative of Argentina, political and social dimensions have been made core issues for the bloc. In other words, a dimension that was not part of the Treaty of Asuncion has taken shape instead of the traditional model of economic integration. The Mercosur Structural Convergence Fund (Focem)<sup>12</sup> was created in December 2004, confirming Brazil's willingness to invest in the other countries in the bloc. Coordinated responses to transnational threats have also been organised.<sup>13</sup> This new model is basically built on articulation between the autonomy-oriented diplomats and the politicians from the Workers' Party with a profile that is something like post-liberal regionalism.<sup>14</sup>

Mercosur has also grown: agreements have been signed with Peru, Ecuador and Colombia, making them associate members of the bloc, and Venezuela applied for full membership. At the beginning of the Rousseff government, the bloc was shaken by the political crisis in Paraguay in June 2012, electing to suspend the country's membership temporarily and, surprisingly, to accept Venezuela definitively as a full member. This expansionary move has brought trade-related problems relating to the customs union (Venezuela is not altogether in favour of adapting its foreign trade to this model) and negotiations for trade agreements with countries outside the region. While it has brought a more balanced membership to the bloc, the range of political positions that must now be catered for is far broader.

Given the obstacles of an EU-Mercosur agreement, some representatives of the Brazilian private sector speculated that a possible negotiation between the EU and Brazil could lead to a trade bilateral association agreement. However, in the short term, this kind of agreement is not considered desirable for the government of Dilma Rousseff. It would not be consistent with the Common External Tariff, and Brazilian diplomacy shows a preference to maintain the customs union, despite all the exceptions, as an instrument to preserve the cohesion of the bloc. Moreover, the EU continues to deny Brazil's primary demand – opening its agricultural market – while Europe's demands in certain sectors of manufactured goods and in the services and tenders sector fall on deaf ears in Brazil. Moreover the financial crisis assailing the eurozone makes a radical reform of the Common Agriculture Policy (CAP) still unlikely.

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integration by the existence of strong asymmetries, the fact that one of the members is potentially a regional leader and the fact that the intra-bloc relations are bilateral.

<sup>12</sup> The Focem was created with an initial fund of \$100 million a year, with Brazil contributing 70% of its monies, in order to invest in infrastructure projects inside the bloc (80% addressed to Paraguay and Uruguay). The funds have been progressively increased (see [www.mercosur.int/focem/](http://www.mercosur.int/focem/)).

<sup>13</sup> For more on this topic, see Flandes, op. cit., pp. 404-436.

<sup>14</sup> For more on this topic, see Miriam G. Saraiva, "Brazilian Foreign Policy: Causal Beliefs in Formulation and Pragmatism in Practice", in Gian Luca Gardini and Peter Lambert (eds), *Latin America Foreign Policies: between ideology and pragmatism*, New York: Palgrave MacMillan, 2011, pp. 53-66.

As far as Brazil's partners in the region are concerned, Argentina still holds top spot. Brazil is all in favour of maintaining its cooperation agreements and bilateral relations with its southern neighbour, although its weight in regional dynamics has dwindled and relations between the two countries have not always been smooth. Argentina's reindustrialisation policy has clashed directly with the expansion plans of Brazilian businesses and the influx of Brazilian manufactured goods. The construction of autonomous Brazilian leadership in the region and the growing asymmetry between the two countries both economically and in terms of their regional influence has frustrated any expectations Argentina may have had of sharing leadership. Brazil's increasing international presence has yielded new opportunities for its diplomats to operate in different multilateral forums without the presence of Argentina, and has not brought any benefits for Mercosur. Nevertheless, bilateral dialogue on a political level has been maintained and cooperation between different corresponding ministries from the two countries, such as education, energy and labour, has grown. The development of regional infrastructure has enabled both countries to work together on common projects.<sup>15</sup>

During the Dilma Rousseff administration, a rising tide of trade-related problems has hampered the partnership. Yet when the political crisis erupted in Paraguay, the Brazilian government was quick to align itself politically with Buenos Aires. And, more importantly, efforts have been made to maintain close cooperation to prevent the resurgence of any kind of cross-border rivalry.<sup>16</sup>

The third dimension of Brazilian behaviour towards the region is South America. In 2000, Brazil launched the South American Summits that paved the way for Unasur, under a clear leadership of Brazil and a prominent role of Venezuela. It was a first step to integrate both, Mercosur and the Andean Community, under a single umbrella.<sup>17</sup> While the Andean Community declined, due to Venezuela's accession to Mercosur and a lack of leadership within the bloc, Mercosur and Unasur became major platforms for Brazil's regional strategy which, at that time, was a synonym for its neighbourhood policy.

The Lula administration started out in January 2003 with a period of stability and economic growth, which augmented the asymmetries between Brazil and its regional neighbours. In a bid to respond to the new regional balance of political and economic power, the government's foreign policy prioritised the construction of a structured South American framework under Brazilian leadership, with Brazil taking decisive responsibility for the integration and regionalisation process.<sup>18</sup> With this aim in mind, its diplomatic corps put renewed effort into building the country's leadership in the region using the techniques of soft power and reinforcing multilateral initiatives.

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<sup>15</sup> Antonio C. Lessa, "Brazil's strategic partnerships: An assessment of the Lula era (2003-2010)", *Revista Brasileira de Política Internacional*, Ano 53 Special edition, Brasilia, 2010, pp. 115-131, defines strategic partnerships as commercial exchange and investments; the density of political dialogue; channels for dialogue; convergence of agendas in multilateral forums; and involvement in common development projects. Arguably, the only one of these items that is not pursued in the case of Argentina is the fourth one.

<sup>16</sup> For more on this topic, see Miriam G. Saraiva, *Encontros e desencontros. O lugar da Argentina na política externa brasileira*, Belo Horizonte, Fino Traço, 2012.

<sup>17</sup> The proposal, launched by Brazil in the 1990s, to create a free trade area between the Andean Community and Mercosur did not succeed.

<sup>18</sup> Here, leadership is understood as a country's capacity to influence the region's political and economic trajectory with mechanisms of soft power. On the other hand, regional power combines the capacity to set the course of integration and regional cooperation.

During the Lula years, a complex structure of cooperation was established with the region's countries, giving priority to technical and financial cooperation and bilateralism. Investments in the region and infrastructure projects funded by the Brazilian Development Bank (BNDES) grew between 2003 to 2010, bolstered by the Initiative for the Integration of Regional Infrastructure in South America (IIRSA). These projects helped improve articulation with neighbouring countries in non-trade-related areas and reinforced regionalisation in the continent.

Nonetheless, Brazil's actions in South America are not without their tensions. A new kind of developmentalist economic strategy – championed by the neo-developmentalists – and social demands arising from changes in the political regimes in neighbouring countries have challenged Brazil's position, forcing it to grant economic concessions by shouldering the financial burden of regional paymaster. Meanwhile, the Brazilian government has made important moves in the domestic arena with a view to garnering political support for its regional leadership ambitions, as reflected in the formation of a coalition that supports having the country cover some of the costs of South American integration. Thinkers from the Workers' Party have had some influence on this behaviour, seeing cooperation as a plus, encouraging the formation of a South American identity, and working more closely with countries whose governments are identified as left-wing.

To implement its project, the strategy to consolidate the South American Community of Nations – which went on to become Unasur – has been important for Brazilian diplomacy. Once Lula was elected, efforts were made to institutionalise it, adding new projects to its remit, such as political dialogue, energy integration and South American financial mechanisms. This became one expression of Brazil's increasing technical and financial cooperation with its South American neighbours. For the Brazilian government, the organisation has become the main entity for multilateral action through which its diplomatic efforts are channelled, where common positions can be agreed upon with other countries from the region, assuring regional stability and a common response to international political issues.<sup>19</sup> In this process, however, Unasur has become strictly intergovernmental in nature, which has assured Brazil a degree of autonomy towards its partners in the organisation and in its global aspirations.

However, only towards the end of President Lula's first term at the end of 2006, with Brazil's acceptance of the nationalisation of Petrobras' gas reserves by the Bolivian government, did the Brazilian government begin to show any real willingness to cover some of the costs of South American integration, beginning to shed what Burges called its "highly cost-averse leadership style".<sup>20</sup>

Dilma Rousseff's election at the end of 2010 has resulted in a waning in the political dimension of Brazil's approach to the region. With the declining influence over Brazilian foreign policy of some political leaders with links to neighbouring governments, especially in Venezuela, Bolivia and Ecuador, the country's actions have taken a pragmatic turn and a lower political profile. Its action within the South American Defence Council, created on the initiative of the Lula government to align defence policies in the region's other countries with Brazil's, is on hold, and the creation of the Community of Latin American and Caribbean States (Celac) has not received much attention in diplomatic circles. The case of

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<sup>19</sup> The aim of taking joint action outside the region has not taken shape. The Unasur countries do not agree on how they will vote in multilateral forums.

<sup>20</sup> Sean Burges, "Bounded by the Reality of Trade: Practical Limits to a South American Region", *Cambridge Review of International Affairs*, Vol. 18, No. 3, October 2005, pp. 437-454.



Paraguayan President Lugo's ousting in June 2012 was taken by Brazilian diplomats to Unasur, thereby identifying it as the leading political body in the region.

The aim of bolstering its leadership in the region has gradually given way in Brazil to the idea of establishing more widespread leadership, taking in some countries from Africa.<sup>21</sup> Brazil's actions are more development-oriented, prioritising bilateral ties with its neighbours through technical and financial cooperation, even if the achievements in the field of regional cooperation have been consolidated.

Mercosur and Unasur are the concrete outcomes of Brazil's efforts to create, for economic, diplomatic and security reasons, a South American Community of Nations. While Mercosur is the economic platform and nucleus for economic integration, Unasur is a forum for political consultation and inter-state cooperation on infrastructure (foremost Brazilian investment), defence and other topics on the neighbourhood agenda. It is, to a large extent, to the credit of the Brazilian government that for the first time ever, South America has become a geopolitical space with some influence at the regional and global stage.

### 3. Leadership in South America, Latin America or the Americas?

A fourth step in Brazil's strategy was to expand the country's interests to Central America and the Caribbean. Once its prominent role in South America and on the global stage had been consolidated, Brazil's political elites began to draw more attention to Central America and the Caribbean, which had been traditionally under the influence of the United States. An important strategic movement (and alternative to US sanctions policy) was the renewal of relations with Cuba. Historical political affinities between the Workers' Party and Castroism motivated closer bilateral relations and economic cooperation.<sup>22</sup> In 2004, Brazil assumed the military command of the UN mission in Haiti. Although its engagement in Haiti had more to do with its aspiration to become a permanent member of the UN Security Council, it helped to foster Brazil's relations with the Caribbean. In 2009, rather by accident (the former president Manuel Zelaya chose the Brazilian Embassy in which to escape from his adversaries), the former Lula government got involved in the political crisis in Honduras after the military coup against the elected President Zelaya. This pro-active policy of the Brazilian government illustrates a political will to think about neighbourhood policy beyond South America. Latin America is the fourth (and less relevant) cycle of Brazil's regional policy. The prominence of the autonomy-oriented group or 'developmentalist faction' in the Brazilian Ministry of Foreign Affairs and the post-Washington consensus in the region (meaning a major role of the state as a social and economic agent) paved the way for new regional priorities. Not economic integration but political consultation and diplomacy are today's cornerstones of Latin American integration.

Under the Lula Presidency, closer relations with Cuba, Brazil's military command of the UN stabilisation mission in Haiti and its diplomatic influence in the political crisis in Honduras contributed to give the country a higher regional profile and status. It was also Brazil, together with Venezuela that pushed for the transformation of the dialogue forum Rio Group into the Community of Latin American and Caribbean States (Celac), which held its

<sup>21</sup> Special attention has been paid to Portuguese-speaking countries. Beside this, Brazil has signed Technical Cooperation Agreement with eight African countries and has signed adjustment in existing agreement with other six countries. During the period, Brazil has opened/re-opened embassies in 17 African countries. In 2006, following the proposal by the Brazilian government, the Forum South America-Africa was created.

<sup>22</sup> Among other projects, the Cuban port Mariel will be reformed with the help of Brazilian investment.

first meeting in Brazil and was officially created in 2011 in Caracas. Today, Brasilia's regional policy is no longer limited to its own sphere of influence but increasingly includes Central America and the Caribbean, the traditional backyard of the United States.

There was no agreement with the United States over how regional issues should be dealt with, but the absence of a US policy for the region prevented any stand-off between the two countries. The Brazilian government has operated autonomously whenever issues relating to the continent have arisen. Washington's low-profile in Latin America and the concentration of a few countries of strategic interest (Colombia, Central America and Mexico) facilitated Brazil's proactive Latin American policy. The Free Trade Agreement of the Americas (FTAA) project was the last attempt to design a hemispheric project. Its failure at the Summit in Mar del Plata in 2005 proved the limits of Washington's traditional hegemony in the Americas and contributed to a stronger regional profile of its rival in the South. Without a hemispheric project, the Organization of American States (OAS) "lacks a guiding vision"<sup>23</sup> and lost appeal in Latin America. Although the OAS is still the most consolidated collective institution in the Americas, it lacks both leadership and followers. Moreover, a serious financial crisis is further weakening the traditional organisation. Brazil is promoting regional concertation outside the traditional framework instead of increasing its weight in the inter-American environment, which reflects a US hegemony.

Against that background, Brazil perceives regional integration not only as a goal in itself but also as an instrument for autonomy and 'soft-balancing' the United States.<sup>24</sup> Thus, its attitude towards integration is not free of self-interest. Apart from common regional goals, the country also seeks to implement a neighbourhood policy that serves Brazil's power aspirations<sup>25</sup> in South America and the Americas.

#### 4. Brazil's concentric circles

Conscious or not, Brazil's regional policy follows a structure of concentric circles: Argentina, Mercosur, Unasur and Celac. In its first period, it was clearly focused on repairing relations with its historical rival Argentina. The successful creation of Mercosur in 1991 produced a new quality of close bilateral relations that transformed, over the time, into an asymmetric alliance between Argentina and Brazil with negative effects on the evolution of Mercosur. Nevertheless, Mercosur remains the nucleus of Brazil's integration project and is the most institutionalised of the circles. Compared to the declining Andean Community, Mercosur still represents a magnet for other countries: Bolivia, Chile, Ecuador, Colombia and Peru are associated members and Venezuela has now become a full member.

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<sup>23</sup> Peter Hakim, "The OAS in Trouble, Again", *Latin Pulse*, 30 November 2012.

<sup>24</sup> Andrew Hurrell, "Hegemony, liberalism, and global order: what space for would-be great powers?", *International Affairs* 82, 1, 2006, pp. 1-19.

<sup>25</sup> See Anna Ayuso, "EU-Brasil: nueva estrategia para um cambio de tiempo", *Política Exterior* 149, September/October 2012, pp. 58-68.

Table 1. Brazil's concentric circles

Circles/goals	Members	Objectives	Brazil's interests
1. Bilateral neighbourhood policy (1985)	Argentina	Cooperation, dialogue and economic integration, confidence-building	Economic interests, political stabilisation and peace, create a bilateral alliance
2. Mercosur (1991)	Argentina Brazil Paraguay Uruguay (Venezuela joined the bloc in 2012)	Economic and institutional platform, free trade area and (incomplete) customs union with coordination in many other areas,* institutional structure including a Court of Appeal, Secretariat, Parliament, Permanent Commission	Economic interests, market in the South, bloc-building, initially a platform for global insertion
3. Unasur (2004)	12 South American countries	Infrastructure projects, political dialogue and concertation (summits), bloc-building and autonomy, Treaty signed in 2008, permanent secretariat, South American Defense Council	Create a geopolitical space in South America, economic interests (infrastructure projects, BNDES), political stabilisation and bloc-building, (export of military technology), regional power
4. Celac (2011)	33 Latin American and Caribbean countries	Political cooperation and dialogue (summits), cooperation and coordination, confidence-building, not institutionalised (no permanent secretariat)	Bloc-building and 'soft-balancing' the United States, autonomy, regional power aspiration
5. OAS (1948)	34 Latin American and the Caribbean States, Canada, the United States	Highly institutionalised inter-American system under US hegemony (now weaker), democracy promotion and human rights, cooperation and coordination in many issues, irregular summits, FTAA (1994-2005)	Dilution of US hegemony, more South American (Brazilian) influence, limited Brazilian interests

\* Environment, social policies, education, culture, local administration and cities, border management and migration, etc.

Source: The authors.

Unasur is the major platform for the country's power ambitions. Unasur has been the second step in Brazil's incremental regional policy. To create a geopolitical South American space was, again, a Brazilian effort to stabilise its Andean neighbourhood, to protect its investments in the region and to create a bloc of countries balancing US interests and power position in the region. Despite converging interests and sporadic conflicts, Brazil successfully pushed towards new items on Unasur's agenda (among others, defence and security) and its institutionalisation by a treaty that was approved in 2008. Unasur is not Chávez' but Lula's

'child'. South America as a common geopolitical space has been created by Brazil<sup>26</sup> to stabilise its neighbours and to amplify its continental and global power.

It is probably too early to predict that the Celac, launched in 2011, will become the third (and in any case less relevant) circle in Brazil's regional policy. The future of Celac heavily depends on the relationship between the two regional players, Brazil and Mexico. The rivalry between the countries and their diverging strategies of global assertion (Mexico by North-South and Brazil by South-South cooperation) still represent a major obstacle to regional cooperation and a result-oriented political dialogue. Nonetheless, the election of Enrique Peña Nieto as President of Mexico, who assumed the Presidency in December 2012, could represent a shift in Mexico's US-oriented foreign policy towards a more prominent role of Latin America and closer relations with Brazil.<sup>27</sup> The latter would be an important step to consolidate Celac beyond Brazil and Venezuela's power ambitions and 'soft-balancing' strategies.

The three platforms – Mercosur, Unasur and Celac – are part of a complex regional and continental puzzle heavily influenced by Brazil. While Mercosur serves to consolidate the alliance with Argentina and (more recently) Venezuela, South America is a label for political stabilisation and cohesion and Celac is designed as a forum (or future organisation) for regional influence and autonomy from the United States and, in political terms, a declining inter-American system based on the OAS. In this sense, and although it is not and will probably never become a Latin American OAS, the Celac is seen as a counter-weight to a declining inter-American system and a less hegemonic United States. Given its own power aspirations, Brazil's interests in the inter-American system led by the OAS and dominated by the US are rather limited. But even so, up to now Brasilia has not been able to create a regional organisation that could, even in the long run, replace the OAS' sophisticated institutional structure, including its human rights system.<sup>28</sup> Brazil's regionalism is clearly limited to Latin America.

In any case, the concentric circles are a rather idealist construction that does not necessarily reflect a conscious strategy or an elaborate plan. There are still many open questions regarding Brazil's leadership role. Although the country is a regional power by size and resources, it does not behave as a regional hegemon but often as a reluctant and sometimes even doubtful leader. Although it is the sixth-largest economy of the world, it does not assume the full costs of its prominent role in regional integration. Although BNDES has more resources than the World Bank, it is nearly exclusively focused on domestic goals, and Brazil's contribution to Mercosur's Focem is rather episodic and does not represent a substantial contribution to its neighbour's development.

Finally, Lula's enthusiasm and proactive engagement for regional cooperation in a context of a booming economy and ideological affinities with the Latin American left has been replaced, under Dilma Rousseff, by a calculated mixed strategy of preserving self-interests and assuming a cautious leadership role in a less favourable economic environment. The latter means that it might be more difficult to justify the costs of a Brazilian leadership in Latin America to the domestic clientele. Closely related to that question, Brazil's own economic performance (and particularly the costs of de-industrialisation and raw material exports) will also determine its role in the region.

<sup>26</sup> President Fernando Henrique Cardoso launched the South American summits in 2000 in Brasilia.

<sup>27</sup> Susanne Gratius, "El nuevo sexenio en México y su relación (poco) estratégica con la UE", FRIDE Policy Brief No. 84, FRIDE, Madrid, September 2012.

<sup>28</sup> Including the General Assembly, the General Secretariat, the Inter-American Commission on Human Rights and the Inter-American Juridical Committee.

## 5. Can Brazil's vision on regionalism be compared with that of the EU?

The answer is a clear no. Although both are strongly committed to regionalism, it is difficult to detect commonalities in the EU's and Brazilian performance on neighbourhood policy. To begin with, Brazil is a nation state whereas the EU is a strange animal somewhere in between an international organisation and a supranational body.

The second major difference is about the understanding of integration. Unlike the EU, Brazil is less interested in economic integration with its neighbours than in creating a bloc of political influence in the South and, later, in Latin America. Moreover, integration in a European sense of pooling sovereignty has no future in a region where national sovereignty (given the long history of US interventions) has still a major appeal and institutions are less consolidated. Thus, integration in South America has a different meaning than in the EU: it is strictly based on an inter-governmental structure. One must also distinguish between economic integration (Mercosur) and political and social cooperation (Unasur).

The third distinction is Brazil's strong universal vocation. While the EU concentrates on its neighbourhood policy and much less on the international stage, Brasilia seeks first of all a global role, and its regional policy is subordinated to this major goal. Today, not Mercosur (as Fernando Henrique Cardoso once said) but the BRICS group seems to be the destiny of Brazil. Actually in the case of the EU, recent efforts to create strategic partnerships with as many as 10 countries of the G20 marks the aim also of the EU to raise its global profile to reflect its foreign policy priorities, beyond its neighbourhood.

Beyond these general divergences, both, Brazil and the EU are strong advocates of regionalism, but they do not share the same idea on what it means. Compared to the normative and value-oriented construction of regionalism designed by the EU, Brazil's neighbourhood policy is much more pragmatic and interest-driven. Given Brazil's limited capacity to shoulder the costs of asymmetric integration, solidarity might be important but it does not seem to be a main characteristic of Brasilia's vision of regionalism. On the political front, an evident example for different interpretations of the respective democracy clauses by Brazil and the EU is the full membership of Venezuela in Mercosur. Moreover, Brasilia advocates a regionalism as a strategy for its own economic and global performance and as an instrument for autonomy and 'soft-balancing' towards the United States.

Unlike the EU, Brazil does not offer a unique and highly sophisticated "model of integration" but seeks to create platforms for political dialogue and cooperation. The highly asymmetric character of relations between Brazil and its neighbours and the maintenance of national sovereignty explain why neither Brasilia nor any other South American state proposes to create supranational institutions, which have never been on the agenda. It is, therefore, useless to compare Mercosur with the EU or to insist on concessions for (non-existing) supranational institutions by Brazil, as some academics do.<sup>29</sup> The dominance of national sovereignty and asymmetries exclude the option of pooling sovereignty inspired by a EU model which is currently under stress with an uncertain future.

At the most, Mercosur is a hybrid between the EU and Nafta, while Unasur represents a geopolitical space and not an economic integration process. As a result, intra-bloc trade flows are less than 20%, compared to more than half in the case of the EU. Although Mercosur's structural fund Focem demonstrates that the EU and Brazil share the idea of compensating for imbalances, for domestic, institutional and other reasons, Brazil's role as a regional paymaster is much more limited. Moreover, Brazil is not (yet?) the economic anchor in South

<sup>29</sup> For a recent example, see Jean Daudelin, "Brasil y la 'desintegración' de América Latina", *Política Exterior* 149, September/October 2012, pp. 50-57.

America, but depends heavily on external partners, mainly China, the United States and the EU. For these reasons, the level of regionalisation in South America is still low, compared to the higher profile of regionalism found in the EU, with increasing levels of political and cultural cohesion.

Beyond these differences, similar to the French-German connection that is now dominated by Berlin, the tandem Argentina-Brazil has declined. This is due to a stronger position of Brasilia and its dual identity as a South American and BRIC country. The tension between going regional or global is present in both the EU's and Brazil's foreign policies, but again their priorities are different: Brazil seeks to be a global player, while the EU's internal crisis means that its global role is subdued for the time being at least, and its relative economic weight in the world is declining.

Both are living through very different moments of history. The Brazilian rise and the relative decline of the EU may in some sense balance relations more equally between the two partners, but this will not necessarily translate into a major convergence between them. As in many issues on the agenda, diverging perceptions on regionalism reveal that Brazil and the EU share the values but not the goals and instruments. There is, therefore, a thin ground for cooperation but one that requires mutual comprehension, major internal adjustments and compromises on both sides.

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