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BRAZILIAN FOREIGN POLICY DURING THE LULA ADMINISTRATION 2003-2011:

THE ROLE OF REGIONAL MULTILATERAL
BODIES IN BRAZIL'S REGIONAL LEADERSHIP

**RONALD TRENCHI
AND ANDRÉS ACEVEDO**

 **KONRAD
ADENAUER
STIFTUNG**

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Foreword

Despite recent economic and political crises, Brazil possesses great potential with a widespread territory, an enormous population of more than 200 million people and a significant forecasted economic growth in 2018 after an economic recession in the past years. Given these characteristics, Brazil's role in the world remains of particular interest. I am therefore intrigued to present the latest publication of the series of "Young Perspectives" with the title "Brazilian Foreign Policy During the Lula Administration 2003-2011: The Role of Regional Multilateral Bodies in Brazil's Regional Leadership" written by Ronald Trenchi and Andrés Acevedo.

"Young Perspectives" is a publication series of the Konrad Adenauer Foundation in Mexico. It gives outstanding young academics from all around the world an opportunity to publish their theses on current topics in the field of international relations and security. Above all, "Young Perspectives" allows young experts to share their research, ideas, and observations with a broad audience at the early stages of their career.

This publication provides a remarkable insight into Brazilian foreign policy from 2003 until 2011, especially focusing on Brazil's strategy concerning multilateral bodies. The academic analysis illustrates how Brazil's foreign policy goal of positioning itself as a powerful regional actor is achieved through regional multilateral bodies such as UNASUR and MERCOSUR. Moreover, the publication allows for a deeper understanding of Brazil's past and its influence on foreign policy in the present, analyzing the favoring of institutionalism by Henrique Cardoso in contrast to a more autonomist approach by Lula da Silva that favored a stronger leadership position by Brazil in international institutions. Additionally, the publication frames the political development of Brazil's foreign policy in the regional and international context, thereby providing an overview of the political development of the Latin American region since the 1990s. Finally, Ronald Trenchi and Andrés Acevedo allow the reader to understand Brazil's attempt



to assume leadership through a varied approach, making use of the political-diplomatic, economic-commercial and cooperation dimensions of foreign policy.

In short, this publication provides a concise and outstanding analysis of Brazil's political history, its positioning in Latin America, its aspiration to leadership carried out through multilateral institutions and the applicability of realist International Relations theory in the case of Brazil.

The years to come will be decisive for Brazil's positioning in the region – will it assume renewed economic and political leadership? Will its economy strengthen permanently? Will it be able to build on its potentials? – There are many uncertainties regarding the future, but this publication provides a sound foundation for understanding Brazil's past and possible future development on the regional and international stage.

Hans-Hartwig Blomeier
Director of the Country Program Mexico
Konrad Adenauer Foundation
Mexico, August 2018

CHAPTER 1

Introduction

This analysis aims at providing a better understanding of the objectives which the Brazilian foreign policy during the Lula da Silva administration (2003-2011) aimed to achieve through regional bodies. We will specifically focus on the Union of South American Nations (*Unión de Naciones Suramericanas, UNASUR*) and the Common Market of the South (*Mercado Común del Sur, MERCOSUR*). In the last decade, we have witnessed the deepening and the creation of numerous institutional projects of regional nature, namely UNASUR, the Bolivarian Alliance for the Peoples of Our America (*Alianza Bolivariana para los Pueblos de nuestra América, ALBA*), and the Community of Latin American and Caribbean States (*Comunidad de Estados Latinoamericanos y Caribeños, CELAC*). These bodies have a strong political component and their materialization cannot be explained without the ideological harmony between the former Heads of State in the region: Néstor Kirchner and Cristina Fernández de Kirchner, Lula da Silva, Hugo Chávez, Evo Morales, Rafael Correa, Fernando Lugo, to name a few. Our analysis will demonstrate that during the Lula administration, Brazilian foreign policy toward UNASUR and MERCOSUR included more than simple projects of regional integration but responded to more profound Brazilian interests.

Brazil's interest in regional integration has varied throughout its history, from a deep distrust for Hispanic America, especially Argentina, during the years of the Empire and the First Republic, to the search for promoting a process of economic and political integration. An element of relevance to understand Brazil is that throughout its history, its authorities and a relevant part of society understood Brazil to naturally possess characteristics for which it deserves a special place in the international system and a role of predominance in the region.

The end of the dictatorship in 1985 marked a change in Brazil's foreign policy and the search to deepen relationships with Argentina as a symbol of the return to democracy. The outreach to Argentina became crucial as Brazil sought to end conflicts from the past and promote cooperation, which would allow it to increase international commerce. During this time, Brazil and Argentina signed different cooperation treaties, such as the Declaration of Iguazú. This was the most direct background for the creation of MERCOSUR.¹ The regional economic integration through MERCOSUR constituted one of the greatest priorities of Henrique Cardoso's government and defined a new geographic sphere that would be crucial for Brazil's economy.

The explosive growth of the Brazilian economy facilitated the country's position in the region and the world. While our analysis focuses on MERCOSUR and UNASUR, it is indisputable that Brazil has taken on a relevant protagonist role in other areas of the world, especially in Africa and in cooperation with other countries of the BRICS bloc (Brazil, Russia, India, China, and South Africa). This scenario favored stronger Brazilian action in the regional context, for example promoting infrastructure financing projects within MERCOSUR and the creation of UNASUR. According to Celso Amorim, Secretary of Foreign Relations during Lula's presidency, South American integration is the top priority of Brazilian foreign policy and Brazil recognizes to be stronger and more influential in global affairs when working closely with its neighbors and helping to promote peace and prosperity in the region.²

The period of the Lula administration is particularly interesting, as Brazil, through its foreign policy, played a more active role in consolidating regional bodies with the purpose of positioning itself as a relevant actor in the region. Brazil's foreign policy during Lula's government did not mean a radical change in the historical guiding principles of the Brazilian Ministry of Foreign Affairs, better known as the *Itamaraty*, but further deepened those principles.³

In order to analyze the problems we wish to research, we propose a conceptual framework that explains the concept of leadership in international relations as well as the conditions needed for a state to be considered a regional or global leader. From our perspective, there is sufficient evidence to affirm

¹ Gomes Saraiva, Miriam (2010b): Brazilian foreign policy towards South America during the Lula administration: caught between South America and Mercosur. *Revista Brasileira de Relações Internacionais*, Vol. 53, special edition, pp. 151-168.

² Amorim, Celso (2010): Brazilian Foreign Policy under President Lula (2003-2010): An Overview. *Revista Brasileira de Política Internacional*, Vol 53, special edition, p. 227.

³ These are established in the Constitution of the Federal Republic of Brazil in Art. 4. The Federal Republic of Brazil with respect to its international relations is governed by the following principles: national independence, primacy of human rights, self-determination of the people, non-intervention, equality of states, defense of peace, peaceful solution to conflicts, repudiation of terrorism and racism, cooperation between the peoples for the progress of humanity, granting political asylum.

that during the administration of Luiz Inácio Lula Da Silva, Brazil's foreign policy was greatly based on MERCOSUR and UNASUR with the aim to exercise greater influence and assume regional leadership.

Our research will be supported by the following theoretical framework: the theory of realism in international relations, which was principally developed based on the principles of realism as proposed by Hans Morgenthau. In addition to this classical perspective on international relations, we will add the vision of Margaret Karns and Karen Mingst. These authors study the functioning of international organizations and the way they frame the behavior of their member states. We will also consider the views of Kenneth W. Abbot and Duncan Snidal, who studied the motives that incentivize a state to participate in an international body. Moreover, we take into account the views of John Maersheimer, an author who, despite his realist perspective, accepts that states create international organizations and decide to cooperate among one another, though with a certain degree of skepticism.

First, based on these conceptual points our research will seek to analyze the concepts of regional leadership and power in international relations, taking into account different perspectives on these concepts. This analysis will allow us to understand important aspects of our research, principally for what reasons a state may be considered powerful and capable of regional or global leadership, and what actions go along with that.

Second, we will cover regional integration in South America and will analyze the process that took place in the region during the passage from a neoliberal to a post-neoliberal regionalism. The principal characteristics of both processes will be studied in order to determine the differences between them. This will be valuable due to the regional context that Brazil found itself in. Subsequently, our analysis will focus on the ideological currents and the debate about the style of Brazilian foreign policy. These currents of pragmatism and autonomy have decisively influenced the Brazilian vision of the world.

The fourth section will examine the processes and changes in the two regional organizations that we focus our research on, namely MERCOSUR and UNASUR. While both organizations correspond with different realities, we believe that both have been useful for Brazilian interests. With regard to MERCOSUR, we will examine how its institutional characteristics have changed from the initial economic-commercial objectives towards political and social objectives in a new post-neoliberal time. UNASUR, on the other hand, corresponds to a post-neoliberal context as an organization that follows regional political objectives.

Finally, this analysis will examine how the leadership and greater presence of Brazil during the Lula administration has manifested itself in three dimensions: a political-diplomatic, an economic-commercial, and a technical



cooperation dimension. With regard to the political-diplomatic dimension, we will look into the positions of the former President, the Itamaraty, and the Workers' Party (*Partido dos Trabalhadores, PT*). For the economic-commercial dimension, we will analyze the role of companies (private actors) and Brazilian institutions like the National Economic and Social Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social, BNDES*) and the Brazilian Trade and Investment Promotion Agency (*Agência Brasileira de Promoção de Exportações e Investimentos, APEX*), both state actors. Regarding the technical cooperation dimension, we will examine the role of the Brazilian Cooperation Agency (*Agência Brasileira de Cooperação, ABC*). All these serve as examples of Brazil's position in the region. The internationalization of companies through financing promoted by the state, including their participation in UNASUR and MERCOSUR infrastructure projects, serve as examples of the leadership that Brazil aimed to exercise.

CHAPTER 2

Research Framework

2.1 Justification of the Topic

Brazil is commonly referred to as the country of the future. That is, a country with characteristics which naturally transform it into a state with great potential: an enormous population, a territory with continental dimensions, the largest armed forces in the region, countless natural resources, and a diversified economy. Since its origins, these factors have created a Brazilian sense of exceptionality and the historical ambition to position itself as a regional leader. Joaquim Nabuco, Brazilian Ambassador to the United States in 1908 stated that Brazil "has always had the conscience of her size and has been governed by the prophetic feeling of her future [...]"⁴ Years later, Araújo Castro, Brazilian Ambassador for the UN, affirmed that no country can escape its destiny and that, for the better or the worse, Brazil is destined for greatness.⁵ These phrases are a constant part of the way Brazilians see their country and the place that it is destined or expected to occupy.

The relevance of investigating Brazil's foreign policy during the administration of Luiz Inácio Lula Da Silva, and specifically the importance of understanding what Brazil intended to achieve through its role in regional multilateral bodies (UNASUR and MERCOSUR), lies in part in the importance Brazil has in the region as an actor of significance. This is justified by both political and economic objectives.

⁴ Nabuco, J. (1908): The Spirit of Nationality in the History of Brazil. Speech delivered before the Spanish Club, on the 15th May, 1908.

⁵ Gomes Saraiva, Miriam (2010a): A diplomacia brasileira e as visões sobre a inserção externa do Brasil: institucionalistas pragmáticos x autonomistas. *Mural Internacional*, Vol. 45, No. 1, p. 8.

However, we believe that the true uniqueness of this research lies in the fact that it transcends the specific case of Brazilian foreign policy and the objectives it sought to achieve through UNASUR and MERCOSUR. This research project is valuable for the field of international relations because it seeks to demonstrate that states may promote and participate in an international body that serves as a tool and/or platform, merely seeking to carry out the national interests of the state. The view that a state uses international bodies to achieve its leadership ambitions is a line of investigation that has not been completely examined in the field of International Relations.

Our research links the foreign policy of a country with continental dimensions like Brazil to two international bodies that are interesting because of their membership composition and the context in which they were created. Over time, we have studied the fundamental actors that take part in International Relations. Without a doubt, both the foreign policy of states and international bodies are far-reaching in International Relations. What makes our research even more valuable is the fact that our case study links both, based on one of the most relevant theories of political science: realism.

2.2 Research Limits

The field of study for the following research will be the foreign policy of Brazil during Lula's presidency. The specific topic is the role assumed by regional multilateral bodies, focusing on UNASUR and MERCOSUR. During this period of 2003-2011, we can observe a clear interest by Brazil to use the platforms offered by regional multilateral bodies to position itself as a regional leader. This conduct was supported by great economic growth that allowed Brazil to finance different projects, along with the support it found in other South American governments.

We have reduced the selection of international bodies to two that we consider to be those of greatest relevance, UNASUR and MERCOSUR. Both correspond to different realities and different contexts, but represent a key role in economic and political aspects of Brazilian regional foreign policy. The main characteristic of both international bodies is that the United States and Mexico are not part of them. The former is one of the most powerful and developed countries in the world that exercises global leadership, while the latter, Mexico, represents a true competitor for Brazil and its strategy for regional leadership.

2.3 Research Problem: Presentation of the Research Questions

Our research will answer a series of questions. Their main objective is to understand Brazilian foreign policy during the administration of Luiz Inácio Lula da Silva, particularly the objectives that it sought to achieve through regional multilateral bodies. Thus, the following research question arises: What role did regional multilateral bodies play for the foreign policy of Luiz Inácio Lula Da Silva's administration?

Regarding the specific question that we put forth, we wish to research the objectives and interests that Brazilian foreign policy pursued through greater participation in regional multilateral bodies.

Specifically, the question is: What objectives did the Brazilian government's foreign policy put forth during the presidency of Luiz Inácio Lula da Silva, for the platforms offered by UNASUR and MERCOSUR?

2.4 Hypothesis

The initial hypothesis seeks to investigate the more active role of Brazilian foreign policy with respect to regional multilateral bodies. When assuming the presidency in 2003, Luiz Inácio Lula Da Silva defined South America as *the priority* for Brazilian foreign policy, saying that a great priority for his foreign policy would be the construction of a politically stable, prosperous and united South America. Furthermore, he stated that South American integration needed to be reinforced and that institutional arrangements needed to be supported in order to create a true identity for MERCOSUR and Latin America.⁶ During the period 2003-2011, Brazil promoted some projects and blocked others, showing a clear interest in positioning itself as a relevant actor with global aspirations in the region. Brazil assumed a predominant role when it led the failed Mar del Plata Summit in 2005 and put an end to the United States' interests in the project promoting the Free Trade Area of the Americas (FTAA). The creation of UNASUR in 2008, a body that has its background in presidential summits, was also promoted by Brazil and sought to increase political integration beyond the economic area. Within UNASUR, Brazil promoted projects for regional infrastructure integration. The most ambitious project promoted by Brazil within UNASUR involved securing the relationship between countries on the subcontinent regarding defense issues. Thus, the Brazilian president proposed the creation of the South American Defense Council. Within MERCOSUR, Brazil proposed expanding

⁶ Pronunciamento do Presidente da República, Luiz Inácio Lula da Silva, na sessão solene de posse no Congresso Nacional Brasília – DF, 01 January 2003. Biblioteca da Presidência da República.

the body's activities through the creation of the Structural Convergence Fund (*Fondo para la Convergencia Estructural del MERCOSUR*, FOCEM), which seeks to diminish the asymmetries of the principal members, Brazil and Argentina, with respect to the smaller members, Uruguay and Paraguay. Brazil is the principal contributor to the FOCEM, providing more than 70% of the funds for different projects, principally in Paraguay and Uruguay.⁷

Taking the above and the research questions into account, we can form the following hypothesis: The interest of the government of Brazil in positioning itself as a regional leader induced the foreign policy of the Lula administration to assume a more active role in regional multilateral bodies.

2.5 Conceptual Points

Before analyzing the actors and characteristics of Brazil's actions on the platforms offered by UNASUR and MERCOSUR, it is necessary to clarify what we mean by the terms power and leadership. The concept of leadership in international relations is closely linked to the concept of power. There are numerous conceptions of power in international relations that differ from each other with regard to the elements that are considered to determine the power of a state.

Raymond Aron states that power is the capacity by a political unity to impose its will onto other unities.⁸ Kenneth N. Waltz considers power to be a key concept in realist theory; Gulick states that power may be measured through specific factors like population, territory, wealth, and military power. This thinking is also reflected in the work of Hans J. Morgenthau, who stresses the importance of power as "international politics, like all politics, is a struggle for power", in the sense that a state will always pursue its national interests.⁹

In order to understand the concept of leadership in international relations, we consider John Ikenberry, who suggests that leadership is understood as the ability to promote cooperation between states.¹⁰ Ikenberry suggests that there are different types of leadership in the international system. First, structural leadership "refers to the underlying distribution of material capabilities that gives some states the ability to direct the overall shape of

⁷ The total annual amount of contribution from FOCEM member states is 100 million dollars. MERCOSUR (2005e): Integración y Funcionamiento del Fondo para la Convergencia Estructural.

⁸ Amoroso Botelho, João Carlos (2004): La Creación y la Evolución de USAN. Revista Debates. Annuaire Français de Relations Internationales.

⁹ Simmons, Beth, Carlsnaes, W. and Risse, T. (2012): Handbook of International Relations. United Kingdom, London: Sage Publications.

¹⁰ Ikenberry, John (1996): The Future of International Leadership. Political Science Quarterly, Vol. 111, No. 3, pp. 385-402.

world political order. Natural resources, capital, technology, military force, and economic size are the characteristics that shape state power [...]."¹¹ Second, institutional leadership contains "the rules and practices that states agree to that set in place principles and procedures that guide their relations. It is not power capabilities as such or the interventions of specific states that facilitate concerted action, but the rules and mutual expectations that are established as institutions."¹² Finally, situational leadership "refers to the actions and initiatives of states that induce cooperation quite apart from the distribution of power or the array of institutions. It is more cleverness or the ability to see specific opportunities to build or reorient international political order, rather than the power capacities of the state. In this sense, leadership really is expressed in a specific individual – in a president or foreign minister – as he or she sees a new opening, a previously unidentified passage forward, a new way to define state interests, and thereby transforms existing relations."¹³

Another relevant concept for our research is regional leadership. Different authors indicate that recently "regional powers have emerged as significant representatives and interpreters of the long-standing aspirations of the South in global affairs [...] they have enough influence to shape the present and coming world order".¹⁴ The German Institute of Global and Area Studies (GIGA) proposes that a regional leader may be understood as a state that clearly is part of a defined political, economic, and geographic region. The country must have the ability to project itself regionally and be able to exercise influence in relevant aspects.¹⁵

2.6 Theoretical Framework

There is an array of different perspectives within the literature on International Relations that refers to international organizations: realism, liberalism, institutionalism, and constructivism. In each one of these, international organizations represent a different role. Due to the fact that, according to our hypothesis, Brazil sought to position itself during the Lula administration as a regional leader by means of its actions in regional bodies, the theory in the field of International Relations that best supports this

¹¹ Ikenberry, John (1996): p. 389.

¹² Ikenberry, John (1996): p. 391.

¹³ Ikenberry, John (1996): p. 395.

¹⁴ Nel, Philip and Nabers, Dirk. M. (2012): Introduction: Regional Powers and Global Redistribution. Global Society, Vol. 26, No.3, p. 279

¹⁵ Flesmes, Daniel (2009b): Conceptualizing Regional Power in International Relations: Lessons from the South African Case. GIGA Research Programme: Violence, Power and Security. German Institute of Global and Area Studies (GIGA), pp.161-182

hypothesis is realism. "Political realism has been the theory of reference for political philosophy for over two thousand years and the dominant research program in international relations in the 20th century."¹⁶ Following realism, powerful states make use of international bodies to generate incentives for weaker states to accompany them in an international order the powerful states wish to form in accordance to their own liking. The smaller states follow the decisions of the larger states because the benefits of doing so are greater than the costs of resisting a new order.

Using realism is justified principally by the main argument of this theoretical current that defines the state as the principal actor in International Relations and states that the final objective of the state's actions are the pursuit of its national interests and the search for power. Germán Clulow's observations about realism and philosophical currents in general are particularly interesting: "[...] beyond any heuristic validation or logical succession, being realist, Marxist, or liberal implies a particular conception of the individual, a way of believing and seeing the man on which we will build a vision of society."¹⁷

It is important to point out that realism is divided into two large currents: *classical realism* based on the ideas of authors like Thucydides, Machiavelli, Hobbes and Morgenthau on the one hand, and *neo-realism* or *structural realism* based on the ideas of authors like Kenneth Waltz on the other hand. The differentiation between both is it based on the fact that classical realists conceive relationships between states just like human relationships. According to Morgenthau, the world is a chaotic and anarchic place in which the maximization of power is the basic goal. Power here is seen as a means and as an end. Neo-realists, on the other hand, share this anarchic vision of the world but believe that the highest priority of states is security and survival. Additionally, they differentiate themselves from the classical realists in their methodological rigor, e.g. Waltz insists on empirically testing knowledge through scientific methods.

It is important to point out that realism is a very diverse intellectual field that includes "sub-schools" like *neorealism*, *offensive realism*, *defensive realism*, and *hegemonic stability*. The latter vision is especially useful for our analysis, as authors like Robert Gilpin focus on the idea that a great powerful state predominates in a region, which explains an institutional order. While realism tends to be applied in a general and comprehensive manner, each sub-school is conditional: one or another is applied depending on the circumstances (Smith, Hadfield, and Dunne, 2008).

However, there are certain premises that realism is based on:

¹⁶ Clulow, German (2013): *Una visión introductoria a los principios del realismo político*. Universidad ORT Uruguay.

¹⁷ Clulow, German (2013).

- States are fundamental actors in the political order and behave according to personal and selfish interest above moral principles (especially in classical realism). Consequently, institutions and Public International Law play a secondary role.
- The incessant search for power and the concept of security (due to an anarchic vision of the world) are essential to realism and these elements need to be incorporated for explanation.
- Morals are seen with skepticism since personal interest is what guides the behavior of states.
- Realism analyzes the concept of power from different perspectives: economic, military, and diplomatic perspectives as well as *soft power*¹⁸. "In such an anarchic system, state power is the key (indeed the only) variable of interest, because only through power can states defend themselves and hope to survive."¹⁹ Here it is important to consider Mearsheimer's analysis regarding the meaning behind the term of an anarchic world: "Anarchy, as employed by realists, has nothing to do with conflict, rather it is an ordering principle, which says that the system comprises independent political units (states) that have no central authority above them."²⁰

Having emphasized the fundamental bases of political realism, we understand that it is also possible to relate realist theory to the creation of and/or participation in multilateral bodies. Realist theory considers it naive to treat multilateral bodies like serious political entities. This is due to the fact that multilateral bodies are a reflection of the member states' power and national interests and do not limit the more powerful states.

In *The False Promise of International Institutions*, John Mearsheimer maintains a realist vision and recognizes that states may act through international institutions, even though those institutions are simply the product of states with greater power that seek to maintain or augment their leadership at the global level. International institutions are merely the reflection of the

¹⁸ Concept developed by Joseph Nye in opposition to hard power (military power). Soft power is understood as the ability of a state to persuade others and achieve the results it proposes without the use or threat of force. The alluring tools are various: culture, universities, ideals, foundations, companies, etc.

Nye, Joseph (1990): *The Changing Nature of World Power*. Political Science Quarterly, Vol. 105, No. 2, pp. 177-192.

¹⁹ Slaughter, Ann Marie (n.d.): *International Relations, Principal Theories*. Universidad ORT Uruguay.

²⁰ Mearsheimer, John (1994-1995): *The false Promise of International Institutions*. International Security, Vol. 19, No. 3, pp. 5-49.

distribution of power in the world; they represent the particular interests of the states, creating spaces where they distribute power. The realist vision highlights the importance of sovereignty as an element inherent to states: If states were not sovereign, they would never be considered states. In the international system there is no supreme, supra-national authority and the possibility of a government above the government does not exist. That is why Mearsheimer understands international institutions as a set of rules that stipulate the way in which states must cooperate and compete with each other. Those rules are negotiated between the states, while international institutions do not represent any global government. Thus, states are the ones who decide whether to follow the rules or not.²¹

Consistent with Mearsheimer, Margaret Karns and Karen Mingst, the authors of the book *International Organizations: The Politics and Processes of Global Governance* believe that international bodies may represent a useful tool for states, because it is possible to create rules and laws by acting within those international bodies.²² An example is the active participation of the United States in promoting the formation of different international institutions like the General Agreement on Tariffs and Trade (GATT), the North Atlantic Treaty Organization (NATO), or the International Monetary Fund (IMF). Kenneth W. Abbot and Duncan Snidal argue that this situation occurs due to the fact that powerful states create multilateral bodies for their own benefit in order to promote their interests. At the same time, they must influence weaker states to participate in order to achieve their objectives.²³

Margaret Karns and Karen Mingst argue that the multilateralism undertaken by Brazil in the region corresponds with a state's interests to position itself as a regional leader, and by doing so counterbalances the weight of the United States. According to these authors, international bodies are a vehicle for Brazil and a means that serves the end of regional positioning. This is especially valid with UNASUR and MERCOSUR, as well as with the peace operations in the United Nations.²⁴

Throughout the research project, we were in contact with Harold Trinkunas, member of the Brookings Institution. Trinkunas is the director of the Initiative for Latin America in the Foreign Policy Program of the Brookings Institution. His vision on the role that regional multilateral organizations fulfill for Brazilian foreign policy is expressed in the following paragraph.

²¹ Mearsheimer, John (1994-1995): pp. 5-49.

²² Karns, Margaret and Mingst, Karen (2004): *International Organizations: The Politics and Processes of Global Governance*. United States, Boulder: Lynne Rienner Publishers.

²³ Abbot, Kenneth W. and Snidal, Duncan (1998): *Why States Act Through Formal International Organizations*. *The Journal of Conflict Resolution* Vol 42, No. 1, pp. 3-32.

²⁴ Interview with Margaret Karns and Karen Mingst on 12/01/2015

“For the government of Lula, international organizations such as MERCOSUR and USAN [UNASUR] served as a means to establish an autonomous space for Brazilian leadership and to develop a regional system that operated with norms and rules preferred by Brazil rather than those prevailing in the international order. This order emphasized sovereign equality much more heavily than the set of norms and rules promoted by the OAS and the United States, which emphasized democracy and markets over sovereignty. So it had both realist aspects (more autonomy within US-dominated post-Cold War system, as well as normative / constructivist components).”²⁵

Trinkunas shares the opinion of Karns and Mingst with respect to the fact that UNASUR and MERCOSUR have been useful to Brazil for increasing its leadership in the region, and at the same time for creating standards that are more beneficial in comparison to the existing standards in a system dominated by the United States within the Organization of American States (OAS).

There are clear examples of Brazilian action in multilateral bodies during the Lula administration, which indicate that Brazil acts according to a realist foreign policy. An example of this is the case of UNASUR: Although Brazil was the main proponent for its creation, UNASUR is a strictly intergovernmental organization with low levels of institutionality. While the negotiations that led to the creation of UNASUR began before the Lula administration, it was during his presidency that the organization began to function. Nonetheless, UNASUR was not able to take great steps with regard to its institutionality. This allowed Brazil to maintain its autonomy without losing its sovereignty, as well as to continue building its leadership and shape its ability to influence the construction of the region's political backdrop. Thus, we are able to trace a parallelism between Brazilian foreign policy within regional multilateral organizations, realist theory, and the opinions of authors and academics on the matter.

²⁵ Interview with Harold Trinkunas on 12/03/2015.

CHAPTER 3

Power, Leadership, and Foreign Policy in International Relations

The first part of this chapter focuses on understanding the principal concepts of the case study, which are the concepts of power, leadership, and foreign policy. We will seek to establish their relationship with our research about the role of regional multilateral bodies in Brazilian foreign policy during Lula's presidency between 2003 and 2011. In International Relations, the topics of power, leadership, and foreign policy are concepts of great relevance, whereas there is no consensus on the exact definition. Although initially these concepts may turn out to be antagonistic to some degree, they are in fact very necessary for the structure of this research: without them we would run into difficulties to solidify our case study.

3.1 Power

Power is one of the most relevant and recurring topics in International Relations. Academics have studied the phenomenon which determines the existence of different concepts of power. Basically, we can see power as the ability to make things happen that otherwise would not happen.²⁶

To begin with classical concepts, they understand power from a perspective that is focused on human behavior. Understanding these concepts will serve as a starting point for the perceptions focused on international relations. Max Weber is a proponent of power as a human condition defined as "the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests."²⁷ Power thus arises from the opportunity to find obedience among specific people, based on the legitimacy of the order.

²⁶ Deutsch, Karl (1993): *Política y Gobierno Mexico*. Mexico, Mexico City: Fondo de la cultura económica.

²⁷ Weber, Max (1947): *The Theory of Social and Economic Organization*. United States, New York: The Free Press.

This concept of power includes the possibility of using force to obtain the desired results.²⁸ It is important to highlight the vision of Robert Dahl, who defines power in *The Concept of Power* as the relationship between A and B, when A can get B to do things that B otherwise would not have done. Thus, A has power over B.²⁹

Any analysis of power needs to consider the realist vision, as thinking about power in International Relations was for a long time the exclusive domain of realism.³⁰ There is a strong link between the realist school and the concept of power as the situation of conflict and competition between states as well as the acquisition and the handling of power are seen as the principal characteristics of international relations. Realism has its roots in the thought of Machiavelli, especially in his explicit intention to analyze “the pure political act”³¹ without moral connotations. Machiavelli formulated the alternatives in which power may be established and maintained, indicating that the purpose of the state is to guarantee security for the consolidation and conservation of power.³² This vision of power was reformulated by Hans Morgenthau, for whom International Relations involve to “think and act in terms of interests defined as power”.³³ For him, power is the immediate objective of all states. As we indicated in the conceptual framework, Morgenthau emphasizes its importance: “international politics, like all politics, is a struggle for power”³⁴ in which states seek to achieve their national interests.

The realist vision of power finds that power is derived from force. That is, states are or are not powerful based on fulfilling a series of elements. These elements refer to specific capacities like population, territory, wealth, and military power. Force is understood as an indicator of power; therefore, International Relations are characterized by the competition between states trying to prevail in the international system. Morgenthau indicates that in addition to material capacities, power is derived from immaterial factors: the nation's national character, national morale, quality of government, and quality of diplomacy. For him, the latter is the most relevant nonmaterial factor in the search for power.³⁵ Kenneth Waltz represents a change in the vision of realism, considering structural aspects of the international system

²⁸ Weber, Max (1947).

²⁹ Dahl, Robert (1957): The concept of power. Department of Political Science, Yale University.

³⁰ Berenskoetter, Felix and Williams, Michael (2007): Power in world politics. United Kingdom, Cambridge: Cambridge University Press.

³¹ Maquiavelo, Nicolás (1998): El príncipe. Uruguay, Montevideo: Nordan.

³² Maquiavelo, Nicolás (1998).

³³ Morgenthau, Hans (1986): Política entre las naciones a lucha por el poder y la paz. Argentina, Buenos Aires: GEL.

³⁴ Morgenthau, Hans (1986).

³⁵ Morgenthau, Hans (1986).

- international anarchy - that make states seek to increase the resources that allow them to guarantee their survival, which results in power. In this sense, Gilpin maintains that power in international relations is the accumulation of military, economic, and technological resources.³⁶

As indicated above, the field of International Relations offers other concepts of power that differ from those classically focused on military force. In this context, the view of Celso Amorim, Secretary of Foreign Relations during the Lula administration, are interesting, as he explains his vision about Brazilian foreign policy and power. For him, the dimensions of power also include the will to exercise that power. Without the will to exercise power or contribute to solutions, the objective conditions for power may be given but they will not be worth much. For him, the will to exercise power is one of the characteristics of the foreign policy under Lula. However, he does not see power as military force or the imposition of economic sanctions. Rather, for him, power constitutes the use of influence in a positive way.³⁷

Thus, his view corresponds with a non-coercive vision that does not consider military force to be the main axis of power. This is based on the ability of states to be able to attract others without exercising any type of force. Rather, they can obtain a prevalent place in the international system through values or admiration. This concept of power resonates with Joseph Nye, who in *The Changing Nature of Power* explains the changes in the concept of power. According to Nye, the classic vision of power promoted by realism is not adaptable to the present - a state may obtain what it wishes through other channels that are not coercion or force. Rather, it can achieve power by “other countries admiring its values, emulating its example, aspiring to its level of prosperity and openness want to follow it [...] set the agenda and attract others in world politics.”³⁸

During Lula's presidency, Brazil developed a foreign policy that gave new weight to the construction of regional leadership based on a conduct of soft power. Regional leadership is then based on the processes of regional cooperation/integration and incentives for development.³⁹ States may possess certain capabilities or apply policies that make them appear powerful in international relations. Nonetheless, it is possible that some states are called upon to occupy a relevant place in the concert of nations, although they are not considered to be among the most powerful states.

³⁶ Berenskoetter, Felix and Williams, Michael (2007).

³⁷ Amorim, Celso (2013) Conversas Com Jovens Diplomatas. São Paulo, Brasil: Benvirá, p. 34.

³⁸ Nye, Joseph (1990).

³⁹ Gomes Saraiva, Miriam (2012): Procesos de integración de América del Sur y el papel de Brasil: los casos del Mercosur y la USAN. Revista CIDOB d'afers internacionals, No. 97-98/2008, pp. 87-100.

This happens mainly due to historical or cultural aspects, although they may not possess the material capabilities for projection at the global level. This perspective of power was introduced by Hurrell and is the most appropriate concept of power for our research, as it defines power “not as a category defined by some set of objective attributes or by objective geopolitical or geo-economics circumstances; but rather as a self-created identity or ideology”⁴⁰. This coincides with what we indicated in the justification of our research: Brazil historically considers itself to be called upon to occupy a role of relevance in the region, and consequently in the world.

Regina Soares de Lima finds that from the first years of the 20th century onwards, the greater aspiration of Brazilian foreign policy has achieved recognition of its special place on the international stage.⁴¹ Following this line of thought, Hurrell posits that Brazil has had “an important self-image of the country as a rising power [...] [with] the pursuit of national autonomy, the politicization of international economic relations and complaints against the ‘freezing of the international power structure’, the strengthening of coalitions especially with other developing countries; the rejection of a policy of ‘automatic alignment’ with the United States”⁴².

Taking into account the different concepts of power in International Relations theory, countries can be classified according to their degree of power. There are well-known terms like superpower, great powers, medium powers, and regional and small powers. These labels with which states tend to be identified depend mainly on the concept that is considered most appropriate. It is clear that not any state may be considered a superpower. Throughout history we can find a few superpowers, such as the Spanish Empire from the discovery of America in the 15th century to the resurgence of the United Kingdom as a new world power between the 19th and the beginning of the 20th century. After the end of World War II, the Soviet Union consolidated itself as a superpower until the end of the Cold War while the United States became a superpower and remains so to present. A superpower is understood as a state that has the capability to exercise influence at the global level and holds total predominance in all economic, political, cultural, and - above all - military aspects.

Furthermore, there are great powers: states that do not have the same capacity for projection as a superpower, but their economic and political potential allows them to have their opinions to be taken into account by other states. In

⁴⁰ Hurrell, Andrew and Cooper, Andrew (2000): *Paths to Power: Foreign Policy Strategies of Intermediate States*. Latin American Program Woodrow Wilson International Center for Scholars, p. 1.

⁴¹ Soares de Lima, Regina and Hirst, Mónica (2006): *Brazil as an intermediate state and regional power: action, choice and responsibilities*. *International Affairs*, Vol. 82, No. 1, pp. 21-40.

⁴² Hurrell, Andrew and Cooper, Andrew (2000): p. 2.

this category, we can include countries like Germany and Japan.⁴³ Regarding great powers, Hurrell states that “Being a great power has never been solely about the possession of large amounts of crude material power. It has been closely related to notions of legitimacy and authority”⁴⁴. Furthermore, we can identify medium powers that are characterized as states that great powers seek support from in times of peace, due to their strategic strengths.⁴⁵ For medium powers it is fundamental to participate in international organizations, seeking peace and stability in the international system.

In our research, we will focus on the so-called regional powers. These states - unlike the superpowers, great powers, and medium powers - do not have the ability to exercise influence at the global level. Regional powers are mainly characterized by exercising influence in a defined geographic, political, and economic area, having clear predominance in these aspects over other states in the region. They are also associated with the so-called emerging powers that are in favor of a multipolar system and are not only prepared to lead their region but wish to participate in global governance. Usually, states like Israel, Iran, Brazil, Indonesia, India, Pakistan, and Turkey are identified as regional powers.⁴⁶

In recent years, different authors (e.g. Flandes, Nolte, Schirm) have tried to conceptualize power beyond the simple characteristics we provided above. These authors emphasize the ability of regional powers to guide the region’s construction in an ideological manner, articulating the construction of regional institutions.⁴⁷ Flandes insists that “regional powers are the key players, and often creators, of regional governance institutions. The leader’s regional influence will depend on its ability to determine the cooperation agenda”⁴⁸.

A relevant aspect of this vision is that regional powers not only have to be interested in being identified as such, but they have to assume the costs of their leadership, i.e. they have to finance regional institutions or other states in the region in order to limit asymmetries.⁴⁹ Brazil is one of the states that is identified as a regional power. In addition to its clear regional superiority

⁴³ Nolte, Detlef (2010): *How to compare regional powers: analytical concepts and research topics*. *Review of International Studies*, Vol. 36, No.1, pp. 881–901.

⁴⁴ Hurrell, Andrew (2006). *Hegemony, liberalism and global order: what space for would-be great powers?* *International Affairs*, No. 82, p. 4.

⁴⁵ Wight, Martin (1978): *Power politics*. United Kingdom, London: Continuum, Royal Institute of International Affairs.

⁴⁶ Nolte, Detlef (2010).

⁴⁷ Nolte, Detlef (2010).

Schirm, Stefan (2006): *Leadership in Regional and Global Politics: Why do Emerging Powers (Sometimes) Fail to Reach Their Goals?* Germany, Hamburg: German Institute for Global and Area Studies (GIGA).

⁴⁸ Flandes, Daniel (2009b).

⁴⁹ Soares de Lima, Regina and Hirst, Mónica (2006).

in classical terms - military, population, and economic⁵⁰ - there are other factors that allow to identify Brazil as the regional power of South America. During the time from 2003 to 2011, Brazil emphasized the integration of South America as a principal objective of its foreign policy.

Brazil's promotion of regional integration contributed to the consolidation of the rapprochement between South American countries. This happened through the promotion of different bodies or regional blocs that allowed Brazil to determine the agenda, seeking to consolidate a regional vision and then project itself in the world. Regina Soares de Lima finds that with the arrival of Lula, "Itamaraty became much more explicit about its desire and its determination to move rapidly towards South American leadership"⁵¹. Even more relevant is the following aspect highlighted by Soares de Lima: "the impact of Lula's presidency [...] would have a spillover effect in promoting regional political stability; and the successful expansion of Brazil's political presence in the region would automatically strengthen Brazilian global aspirations, allowing the country to consolidate regional support for the expansion of the country's presence in world affairs"⁵².

3.2 Leadership

Power in international relations shows great parallels with leadership. This raises the question of how leadership is measured and whether it is quantifiable. We believe that it is important to clarify that the concept of leadership in a bipolar world (in the context of the Cold War) cannot be understood the same way as in a unipolar world (where the United States emerges as an absolute leader at the end of the Cold War), nor as in a multipolar world where leadership is disputed or no single hegemonic power is apparent. For Malamud, it is important to distinguish leadership from hegemony. Leadership can be understood as the ability to obtain and influence followers and to have them adjust their objectives, both of which are elements of a true leader state. This differs from *hegemony*, referring to a powerful (hegemonic) state's ability to prescribe or dictate the way that other states must act.⁵³

According to Ikenberry, referring to leadership is an elegant way of defining power: "to exercise leadership is to get others to do things that they would not otherwise do [...] Leadership is the use of power to orchestrate the

⁵⁰ As we indicated above, Brazil has a set of characteristics that naturally transform it into a country with great regional or international aspirations.

⁵¹ Soares de Lima, Regina and Hirst, Mónica (2006): p. 30.

⁵² Soares de Lima, Regina and Hirst, Mónica (2006): p. 30.

⁵³ Soares de Lima, Regina and Hirst, Mónica (2006): p. 28.

actions of a group toward a collective end."⁵⁴ He emphasizes that leadership is not only the ability to twist arms - military and economic capabilities that are associated with a *hard* vision leadership and power.

Leadership can also be understood as a state's ability to project a series of ideas and principles about the international political order. From our perspective, this vision of leadership is best related to the idea proposed by Lula during his presidency. Pinheiro and Gaio understand it the same way, affirming that "the kind of regional leadership Brazil has been currently performing should be better seen as associated to its capacity to be a reference model for development [...] assuming the role of paymaster and therefore to absorb the costs of region building"⁵⁵.

Ikenberry classifies leadership in three categories: structural, institutional, and situational leadership. The first category refers to a state's material capabilities (understood as capital, technology, armed forces, and economic size). According to this structuralist position, leadership rests on the distribution of power based on material capabilities and the place that the state occupies in the capitalist world. Thus, not people but structures impose the order.⁵⁶

According to Gilpin, those countries that are able to build this order are those that have been victorious in military contests. They are the ones that are able to mold the international system. Material capabilities determine the weight of the hegemonic state and allow it to exercise leadership. Nonetheless, there are also limitations to this position. Material power and coercion are not enough to gain the support of less powerful states. The persuasion to form part of that order is a tool that structural leadership fails to analyze. Ideologies, institutions, and the form of government are relevant in the construction of leadership.⁵⁷ While it is indubitable that Brazil maintains broad material and immaterial advantages in the region (economic size, armed forces, territory, population) and that this undoubtedly contributes to regional leadership, we believe that Brazil's role is not based on structural leadership. Instead, it corresponds to another type of state and the four regions where regional security is a key element in the formation of a foreign policy.

We understand institutional leadership to be based on rules and principles that states agreed to respect to guide their relationships. According to Ikenberry, there are two types of institutions. Institutions of the first category are based on organizations that resolve the countries' problems (World Trade Organization, WTO, the IMF, the World Bank, etc.) while institutions

⁵⁴ Ikenberry, John (1996): p. 388.

⁵⁵ Pinheiro, Leticia and Gaio, Gabrieli (2013): The role of South-South Cooperation on Brazilian Regional Leadership and Global Protagonism. United Kingdom, Oxford: University of Oxford.

⁵⁶ Ikenberry, John (1996).

⁵⁷ Ikenberry, John (1996).

of the second category are based on an institutionality generally led by the United States, where liberalism and democracy dominate the international order. During the government of Lula, special emphasis was given to institutions, especially regional ones like UNASUR and MERCOSUR. In UNASUR, Brazil's role was crucial for creating it. For MERCOSUR, Brazil's role involved reinforcing institutionality, principally due to the Brazilian interest in forming a Parliament of the South (*Parlamento del Sur*, Parlasur) within MERCOSUR. Nevertheless, we believe that what truly prevails behind this reinforcement of institutionality is a realistic vision where the interests of the Brazilian state predominate over the organizations.

As we show throughout this analysis, we believe that the low levels of institutionality of MERCOSUR and UNASUR are not coincidental facts, but that they rather respond to the Brazilian interests in keeping it that way. If both MERCOSUR and UNASUR were endowed with greater autonomy, greater resources, and greater decision-making power, the member states as such would cede sovereignty, which would be something inconceivable to Brazil. Strong regional organizations are not wanted because the state is considered to have to prevail over them. Here, we find a realist vision of Brazilian foreign policy: "It has become the major institution builder in the region, but the institutional architecture that results is thin and weak, to a significant extent because Brazil pushes in that direction. Its governing elites are wedded to traditional understandings of national autonomy and do not consider pooling regional sovereignties into supranational bodies."⁵⁸

For Fernando Mouron, there are three characteristics that we should analyze with regard to whether a country may be considered a leader: material capabilities, political will, and regional acceptance.⁵⁹ We understand material capabilities to include economic capacities (GDP size, GDP per capita, production of key resources) and military capabilities (size and sophistication of the armed forces, their representation compared to those in the region). Political will includes the ability to assume the costs of regional leadership (formation of institutions, loans, financing), while regional acceptance describes the willingness of the rest of the region's countries to accept the leader as such. From this classification, Mouron finds Brazilian leadership may be divided into three categories: skeptics, moderates, and optimists. Within the group of skeptics, authors like Malamud are notable, who argues that Brazil fails to be accepted as a leader as it has not achieved the support of its neighbors in promoting candidacies to international bodies or its historical

⁵⁸ Spektor, Matias (2016): Brazil: The Underlying Ideas of Regional Policies. In: Daniel Flemes: Regional Leadership in the Global System. United Kingdom, London: Routledge Publishing, pp. 191-207.

⁵⁹ Mouron, Fernando (2013): Liderazgo Brasileño en Sudamérica: "Percepciones del accionar de Brasil a través de un análisis de medios". IRI-USP.

aspiration for a permanent seat on the United Nations Security Council. Among the moderates, authors like Soares de Lima, Hirst, and Valladao see the beginning of the Lula administration as an inflection point and suggest that since then the Itamaraty became more explicit in its interest and determination to claim regional leadership for Brazil in South America.⁶⁰ Finally, authors like Saraiva, Teixeira, and Pinheiro are advocates of optimism with regard to Brazil's regional leadership. They are supported by the push that Brazil has given to organizations like UNASUR and Brazil's role of a paymaster for projects in the region through the FOCEM and the BNDES. According to Teixeira, the Brazilian strategy to lead South America is currently developed.⁶¹

3.3 Foreign Policy

The concepts of Power and Leadership are expressed through the foreign policy of states. Therefore, we need to conceptualize what foreign policy is and what it means in international relations. It is important to stress that as with other concepts we explained, there is no consensus on a single definition: intuitively, we can define foreign policy as the way states formulate their actions on the international stage.

Amadeo considers foreign policy to be the actions each state carries out on the international stage, fundamentally exhibiting coherence and consistency. Thus, foreign policy includes predictable actions that go beyond possible ideological changes and/or governmental parties.⁶² A state's foreign policy is different from the foreign policy carried out by the current government, it must be coherent and stable throughout time. Nonetheless, the objectives of the policies may vary from one government to another, while the essence does not change, nor do the permanent points of each country that characterize the country in the institutional arena.

Foreign policy may be understood as a set of decisions that are taken by the national authorities and that serve as general orientations to choosing different courses of action in specific situations and international issues. It is relevant to understand that foreign policy is the governmental area that specializes in the relationship between the state and other actors in the international system, especially other states. Another distinctive aspect of foreign policy is that it is formulated by the state just like domestic policies, but unlike the latter,

⁶⁰ Mouron, Fernando (2013).

⁶¹ Mouron, Fernando (2013).

⁶² Amadeo, Mario (1978): Manual de política internacional. Los principios y los hechos. (2da ed.). Argentina, Buenos Aires: Abeledo-Perrot.

its implementation takes place in the international sphere.⁶³ Hill concurs by pointing to foreign policy as the sum of foreign relations carried out by an independent actor (usually a state) in international relations.⁶⁴

Traditionally, the primary actor in foreign policy is the state, with the Department of Foreign Relations being in charge of formulating and solidifying foreign policy as a state policy. Nonetheless, in recent decades and as a result of globalization, foreign policy has ceased to be an exclusive or monopolistic task of the Departments of Foreign Relations, acquiring multifaceted, pluri-directional, and volatile character.⁶⁵ The new international context has given way to an innumerable number of state agencies specializing in different areas that are necessary for the correct implementation of foreign policy, such as economics, commerce, cooperation, culture, security, among others. As a result, the classical Departments turned into coordinators of foreign policy.

3.3.1 Foreign Policy Objectives

Foreign policy serves as a projection of international identity by the state⁶⁶ beyond its borders. This is fundamental for its objectives. Foreign policy objectives are seen as the continuous goals that states aim to achieve on the international stage.⁶⁷ Amadeo explains that the creation of foreign policy objectives result from historical conscience. According to him, different generations have to participate in their creation. Since the frequent mutation of foreign policy goals would impede their achievement for lack of time, foreign policy objectives are seen as stable.⁶⁸

The primary task of foreign policy is to further the national interests of the state. As such, the vision each state has for its foreign policy depends on its interests. Accordingly, the principal objective of foreign policy is to carry out a set of activities through which the states promotes its interests on the international stage. Foreign policy objectives should be based on a broad understanding of the international context in which states develop and intend to have influence. Foreign policy cannot be separated from domestic policy because it evokes national interest in the international arena. As such,

⁶³ Clarke, Michael and White, Brian (1989): Understanding Foreign Policy, The foreign policy systems approach. United Kingdom, Cheltenham: Edward Elgar.

⁶⁴ Hill, Christopher (2003): The Changing Politics of Foreign Policy. United Kingdom, Basingstoke: Palgrave Macmillan, p. 3

⁶⁵ Rana, Kishan S. (2011): 21st Century Diplomacy Key Studies in Diplomacy. United Kingdom, London: Bloomsbury Publishers.

⁶⁶ Understood as the set of determining ideas for the country's own vision and the place that this must occupy on the international stage.

⁶⁷ Amadeo, Mario (1978): p. 146.

⁶⁸ Amadeo, Mario (1978): p. 146.

its principal objective is the defense of national interest according to the historic and geo-strategic principles that characterize the country. Taking into account the formulation of foreign policy objectives, Celso Lafer finds that foreign policy has three fundamental aspects: the strategic military field, the field of international relations, and the field of values. These three fields must be in accordance with the potential internal and external needs of each country.⁶⁹

Foreign policy objectives may vary considerably from one state to another. Not all states have the same objectives as those depend fundamentally on the internal and external spheres of each state. According to the vision, each country has its own place in the world and each country's capabilities and needs determine its foreign policy objectives. In foreign policy, two types of objectives can be identified. The first type includes general or permanent objectives that characteristically are timeless and can be applied to any historical scenario and state. The second type includes concrete objectives that express specific and precise goals.⁷⁰ The general objectives can also be further divided into two goals: expansion and conservation. The conservation objectives seek to maintain the so-called *status quo* that is supported by the unrestricted support of international law. In many cases, this group of goals is associated with small states on the international stage. The expansion objectives are based on the states' ambitions to occupy a more relevant place in the international system. This ambition is expressed in different ways, e.g. in the acquisition of territories, the conquest of peoples, or as more pertinent for our research, the influence over minds and prestige.⁷¹

3.3.2 Foreign Policy Instruments

In addition to an appropriate project for the state's projection in the world, foreign policy requires a set of instruments that reinforce or compromise the international politics of a country. The actions of states and their respective foreign policy instruments take place in different fields or dimensions. These traditionally are political-diplomatic, economic-commercial, and cooperation dimensions. The correct use of foreign policy instruments depends on the availability of resources in addition to the capacity and ability to harmonize traditional and untraditional dimensions.⁷²

The instrument for antonomasia of foreign policy, whichever the state may

⁶⁹ Lafer, Celso (1987): Las nuevas dimensiones de la política externa brasileña. Estudios Internacionales, No. 79/1987, pp.328-341.

⁷⁰ Amadeo, Mario (1978).

⁷¹ Amadeo, Mario (1978).

⁷² Hill, Christopher (2003).



be, is diplomacy. Diplomacy is understood as a set of bodies and procedures acting in the international context as a means for achieving the state's objectives. Diplomacy, in its classical meaning, acts mainly through aspects framed in style, procedures, standards, protocols, rules, and social practices to orchestrate dialogue. Diplomacy typically takes place through the Departments of Foreign Relations and in specialized diplomatic services, both in embassies and consulates. The changes in the international context have given a new profile to the traditional structure of foreign policy, and consequently, new foreign policy instruments have emerged.

In addition to classical diplomacy, other foreign policy tools are relevant. One of these tools represents a clear change in foreign policy instruments: the so-called presidential diplomacy, which emerges in opposition to bureaucratic and professional diplomacy. Presidential diplomacy describes a style of direct negotiations between presidents each time it is necessary to make a transcendental decision or to resolve conflicts.

Some foreign policy tools are international cooperation, and particularly in this research, South-South Cooperation (SSC). First, we can define cooperation as the effort between two or more states to address an area of common interest. Cooperation focused on development includes funds granted by states, bodies, or organizations with the objective of promoting economic and social progress in countries with less advantageous conditions. One of the principal objectives of cooperation is promoting the alignment of the standards of living of different countries.^{73 74}

International cooperation may be of official nature (states and international bodies) as well as of nonofficial/private nature (companies or nongovernmental organizations). Whether official or not, it is divided into different types, which includes official development aid (between a developed country and a developing country), SSC (between developing countries), triangular cooperation (between developing countries supported by a developed country), decentralized cooperation (with local government), and multilateral cooperation (with an international body).⁷⁵

As we will see below, SSC is a highly relevant tool for Brazilian foreign policy in South America, in particular through regional bodies (MERCOSUR and UNASUR). SSC may be understood as an exchange of development solutions between countries of the Global South, including the exchange of

⁷³ AGCID Chile (n.d.): Que es la cooperación. Agencia de Cooperación Internacional para el Desarrollo (AGCID), Ministerio de Relaciones Exteriores de Chile.

⁷⁴ This will be further examined, especially with regard to the creation of the FOCEM, with Brazil as the principal contributor of funds.

⁷⁵ AUCI (2016): Glosario y tipologías de la Cooperación internacional. Agencia Uruguaya de Cooperación Internacional (AUCI).



experience, policies, good practices, and technical knowledge.⁷⁶ This type of cooperation is horizontal, solidarity-based, and for the benefit of all parties involved. It aims toward jointly addressing the challenges of development and supporting the main priorities of developing countries.

Finally, amid the foreign policy tools, we can point out that participation by a state in an international body could be a useful tool because it allows for the creation of rules and laws. In many cases - and especially in the area of our research - some states promote reforms or the creation of multilateral bodies for their own benefit in order to promote their interests. In the case of Brazilian foreign policy during the presidency of Luiz Inácio Lula da Silva, it is highly relevant to understand what the actors, dimensions, and tools of Brazilian foreign policy were, with respect to the regional bodies MERCOSUR and UNASUR. A central chapter of our investigation will analyze Brazilian foreign policy, taking into account the concepts that we just addressed.

⁷⁶ FAO (n.d.): Cooperación Sur-Sur. Food and Agriculture Organization (FAO).

Regionalism and Regional Integration

4.1 Conceptual Remarks on Regionalism and Regional Integration

In this section, we will provide an analysis of the concept of regionalism and regional integration in South America. Geographic clarification is relevant, since talking about regionalism and regional integration immediately reminds of the process of European integration. It is equally valid to argue that any comparison to European integration is unjust, since not all processes aim for the level of sophistication as the European Union (EU) and not all have the longevity of the EU. Beyond clarification, we will refer to the process of integration in South America by comparing the two models that have prevailed over the last twenty-six years: liberal and post-liberal regionalism.

We also understand that regionalism, as an element of study, deserves a more detailed analysis. In fact, it is an extremely broad topic. However, it is not the central branch of our research. Nevertheless, we do believe that it is necessary to introduce basic elements of the topic, because both MERCOSUR and UNASUR include processes of regional integration that are clearly distinct from each other, but embedded within this field.

As we indicated in the technical framework, realist theory finds it naïve to treat multilateral bodies like serious political entities. Realism, however, recognizes that it is possible to act through international or regional institutions. Nonetheless, it upholds that they are simply a product of those states with greater power that seek to maintain or increase their leadership. International or regional institutions are merely the reflection of the distribution of power in the world; they represent the particular interests of the states, creating spaces where states distribute power while integration does not limit the most powerful states.⁷⁷

According to Gómez Mera, who considers authors like Grieco, Haggard, Mansfield, and Milner, realism sees regional integration and regional blocs as an emergence responding to external rivals that clash directly with the interests of the member states. From this position, the neorealists uphold

⁷⁷ Mearsheimer, John (1994-1995).

that regional integration helps to level the world order and make a better distribution of power in the face of “external threats.”⁷⁸

Once having clarified our focus of this research, we can re-examine the question: What do we mean by regionalism? According to Hurrell, the terms region and regionalism are in and of themselves ambiguous. Geography minimally explains these processes, although without this discipline, regionalism would become something highly diffuse. Fishlow and Haggard reinforce the concept of geographic proximity by affirming that regionalism emanates from “natural forces of proximity, income and policy convergence [...] in this view, regionalism may owe little to policy-induced discrimination.”⁷⁹

While the terms *integration* and *regionalism* are often used indistinctly, they actually have different meanings. The term integration places special emphasis on the political constructions of states, possessing a greater cohesion that gives way to their future union through processes of cooperation. Here, physical proximity may be an element that contributes to integration, but it is not in fact necessary for an integration process to take place. On the other hand, the term regionalism is charged more with geographic symbolism by the actors belonging to the same physical space where elements of integration may take place due to intentional policies or unexpected interaction.⁸⁰ As Perrotta explains, regionalization does not necessarily result from the political conscience of a state or a group of states. Migration, social networks, and markets also strengthen interactions and interconnectivity.⁸¹

Regionalism has been studied from different perspectives (political, economic, cultural, and social). According to Hurrell, there are no “natural” regions, but rather, they are all political constructions of states that are focused on the aforementioned aspects.⁸² Hurrell adds that in this last perspective, it is relevant to understand how “political actors perceive and interpret the idea of a region that is critical: all regions are socially constructed and hence politically contested.”⁸³

A classical definition of integration that is not framed in the realist

⁷⁸ Gomez Mera, Laura (2008): How “new” is the “New Regionalism” in the Americas? The case of Mercosur. *Journal of International Relations and Development*, University of Miami, pp. 279-308.

⁷⁹ Mansfield, Edward and Milner, Helen (1997): *The Political Economy of Regionalism*. United States, New York: Columbia University.

⁸⁰ Pasquariello, Karina and Suarez, Ana (2015): Percepções governamentais sobre a integração regional na América do Sul. *Boletim de Economia e Política Internacional (BEPI)*.

⁸¹ Perrotta, Daniela (2012a): La integración regional como objeto de estudio. De las teorías tradicionales a los enfoques actuales. *Relaciones Internacionales. Teorías y debates*, pp.197-252.

⁸² Hurrell, Andrew (1995): Explaining the resurgence of regionalism in world politics. *Review of International Studies*, Vol. 21, No. 4, pp. 331-358.

⁸³ Hurrell, Andrew (1995).

perspective guiding our investigation, but that similarly is relevant for a complete understanding of the concept, is the definition proposed by Ernst Haas. He points to integration as the process by which national political actors from different areas are persuaded to change their political loyalties, expectations, and activities toward a new center with institutions that have jurisdiction over the pre-existing nation states, i.e. giving rise to supranational bodies.⁸⁴ In *The Study of Regional Integration: Reflections on the Joy and Anguish of Pre-theorizing*, Haas adds that states integrated by voluntarily mingling and uniting with their neighbors, thus, losing the attributes of sovereignty and at the same time acquiring new techniques to resolve conflicts from a supranational perspective.⁸⁵

This vision does not apply to the case of MERCOSUR and UNASUR because, according to our vision, Brazil uses the platforms of these organizations to promote its regional leadership. We do not share the idea of the state's loss of sovereignty and autonomy in the face of a supranational regional structure. Nonetheless, Haas does indicate a characteristic that is relevant without regard to theoretical vision: the vision that integration is created through efforts that do not involve one state coercing another, but rather, that integration takes place because states voluntarily and consistently create a new unity of an institutional nature.⁸⁶

Malamud considers regional integration to be processes that are formalized and conducted exclusively by states.⁸⁷ Another relevant aspect that reinforces the above is that in Latin America and especially in the South American region, the processes of integration are characterized by the relative weakness or absence of the role of transnational actors. Therefore, nation states are the ones who directly affect the construction of the integration process, setting the times and ways in which they take place.⁸⁸

At the same time, regional integration and regionalism differ as an object of study according to each school of thought in International Relations. Realism, constructivism and liberalism provide different focuses, since their vision on the interaction of states differs. While an early evaluation could suggest that realism rejects regional integration as a phenomenon in International Relations, this is not entirely true. In fact, realism has important contributions on the matter. The anarchic vision of the world that rests on

⁸⁴ Haas, Ernst (1961): *International Integration: The European and the Universal Process*. *International Organization*, Vol. 15, No.3, pp. 366-392.

⁸⁵ Haas, Ernst (1970): *The Study of Regional Integration: Reflections on the Joy and Anguish of Pre-theorizing*. *International Organization*, Vol. 24, No. 4, pp. 607-646.

⁸⁶ Haas, Ernst (1970).

⁸⁷ Malamud, Andrés (2010): *Conceptos, teorías y debates sobre la integración regional*. Article presented at the Congress of Latinamerican Political Science. Argentina, Buenos Aires

⁸⁸ Malamud, Andrés (2010).

the sovereign power of states before any type of supranational organization does not appear to help us understand how integration can fit this framework. Nonetheless, within realism, there are highly useful responses when evaluating the phenomenon.

The Theory of Hegemonic Stability, for example, argues that cooperation and integration can take place provided that there is a state with sufficient power to provide *collective goods*⁸⁹ and take responsibility for the expense that regional integration involves (whether through institutions, financing projects, or benevolent loans). The rational interest of the state leads it to assume those paymaster expenses provided that the benefits that emerge are greater than the costs. "It is clear that unless there is a dominant power that is both able and willing to provide these collective goods, cooperation cannot occur. [...] In order to be considered to have the ability to foster cooperation a hegemon must have relatively more power than all other states so that it can effectively coerce them into cooperation or take on the entire costs of the provision of the collective goods."⁹⁰

In what way is this idea connected to Brazil and MERCOSUR/UNASUR? In the case of UNASUR we can trace a more direct relationship. This sub-regional organization has excluded a hegemonic power like the United States, thereby forming an autonomous decision space where Brazil may exercise its influence more freely. Regionalism is not only an objective in itself, but also an instrument to exercise influence at the global level and counterbalance the United States.⁹¹ In this scenario, we believe that Brazil is willing to finance (and in fact does through FOCEM and the BNDES) weaker states within a framework of integration like UNASUR and MERCOSUR in order to achieve a greater influence in the region and solidify its regional leadership. "A materially advantaged state has a strong interest in providing leadership to its sphere of influence. This means, for instance, the provision of public goods [...]."⁹²

It is important to highlight that integration is an element that is found at the constitutional level in Brazil: The search for integration is one of the fundamental pillars of Brazilian foreign policy. Article four, verse one, paragraph one declares: The Federal Republic of Brazil will seek economic, political, social, and cultural integration with the peoples of Latin America,

⁸⁹ Collective goods, referring to goods where the expense is borne by the state with greater power. Brook, Dominic (2006): The rise of regionalism: A neo-utilitarian approach. United States, Ohio: Ohio State University.

⁹⁰ Brook, Dominic (2006).

⁹¹ Gomez Saraiva, Miriam and Gratiús, Susanne (2013): Continental Regionalism: Brazil's prominent role in the Americas. CEPS Working Document. Center for European Policy Studies (CEPS).

⁹² Fliemes, Daniel and Wojcieszewski, Thorsten (2010): Contested leadership in International Relations: Power Politics in South America, South Asia and Sub-Saharan Africa. GIGA Working Papers. German Institute of Global and Area Studies (GIGA).

in pursuit of forming a Latin American community of nations (Translation).⁹³ The fact that we find this statement in the constitution only reaffirms the importance of regional integration, and especially Latin American integration, for Brazil. It also reinforces the statement by former Secretary of Foreign Relations, Celso Amorim, who explained that South America would be a priority for the Lula administration.⁹⁴

4.2 Regionalism and Regional Integration in South America

With respect to the regionalism and role of integration in South America in the last twenty-six years, two different variants or interpretation styles can be identified: The first style includes *open regionalism or new regionalism*, which had its boom in the 1990s. The second variant emerged in 2003, and is known as post-liberal regionalism. The relevance of analyzing different variants of regionalism in South America is owed fundamentally to the fact that both were decisive in shaping Brazilian foreign policy in their respective periods. Consequently, they also influenced the character of the two regional bodies that played a fundamental part as platforms of Brazilian regional leadership: MERCOSUR and UNASUR.

First, it is necessary to succinctly remember the background of regional integration and regionalism in South America. The period after World War II that was characterized by the Cold War impacted South America through the Economic Commission for Latin America and the Caribbean (ECLAC). ECLAC under Raúl Prebisch and other academics developed an ECLAC school of thought, which was characterized by assuming that international commerce was only beneficial to those who exported manufactured products and imported raw materials. This situation, that directly affected South America as a producer of raw materials, would be worsened by decreasing terms of exchange.⁹⁵ This line of thought by ECLAC and Prebisch is known as the

⁹³ Constituição da República Federativa do Brasil de 1988. Presidência da República, Casa Civil, Subchefia para Assuntos Jurídicos.

⁹⁴ Malamud, Andrés (2011): A Leader Without Followers? The Growing Divergence Between the Regional and Global Performance of Brazilian Foreign Policy. Latin American Politics and Society, Vol. 53, No. 3, pp. 1-24.

⁹⁵ The deterioration of the terms of exchange means that with export volumes remaining stable, a country's purchasing power for goods and services from abroad, i.e. its ability to import, will diminish with the passage of time.

ECLAC (n.d.): Raúl Prebisch y los desafíos del Siglo XXI. Biblioteca CEPAL. Economic Commission for Latin America and the Caribbean (ECLAC).

Theory of Dependence, and is based on a center-periphery focus.⁹⁶ The solution that Prebisch proposes consists of South America being able to achieve development through a strategy that is focused on an economic and commercial policy of import substitution industrialization.⁹⁷ That way the so-called periphery - underdeveloped countries that depend on the exportation of raw materials - could industrialize, creating an ideal environment for technical progress and elevating the well-being of those countries. With respect to the ECLAC propositions, Amado Luiz Cervo explains that the proposed strategy included an internal effort to promote an industrialization policy of the state and accordingly adjust foreign policy and diplomatic action in order to induce a new model of international insertion.⁹⁸

The period between the 1940s and the 1980s was characterized by an increase in the role of the state. The leaders of South American countries that were influenced by the ECLAC school of thought found that international trade did not bear potential due to the deterioration of the terms of exchange for exportable raw materials, the fear of the intentions of the private sector, and the little stake in the multilateral trade system as proposed by the GATT. The solution to this was a change in the role of the state, being the central protagonist of the economy and intervening in each relevant aspect where public companies and centralized planning are fundamental, thus leaving aside the private sectors.⁹⁹

It is important to consider the implications of the ECLAC school of thought for Brazilian foreign policy. Soares de Lima stresses that the ECLAC model served as a bridge for the creation of a regional identity and at the same time was linked with the developmental objectives of Brazilian authorities and their policies.¹⁰⁰

The processes of regionalism and regional integration in South America were directly influenced by the policy of import substitution, giving way to a partial regional opening. This period is labeled as closed or autonomous regionalism, because it was characterized by a partial regional opening, used as a means to overcome the size restrictions of markets and reduce the

⁹⁶ Perez, Esteban and Caldentey, Osvaldo (2012): CEPAL Raúl Prebisch (1901-1986) Un recorrido por las etapas de su pensamiento sobre el desarrollo económico. Chile, Santiago de Chile: ECLAC.

⁹⁷ ISI is understood as a policy of highly-protectionist "inward development" that is generally associated with a reaction to the external caused by the Great Depression and World War II. ECLAC (n.d.).

⁹⁸ Cervo, Amado (2006): Inserção Internacional: Formação dos conceitos brasileiros. Brasil, São Paulo: Editora Saraiva, p. 14.

⁹⁹ IADB (2002): Mas allá de las fronteras el nuevo regionalismo en América Latina 2002. Informe de Progreso Económico y Social (IPES).

¹⁰⁰ Soares de Lima, Regina (n.d.): El lugar de América del Sur en la política exterior brasileña. Departamento Cultural, Ministério de Relações Exteriores do Brasil.

inefficiencies associated with industrialization.¹⁰¹ The regional body that is symbolic of this period is the Latin American Free Trade Association (LAFTA). By the mid-1980s, this model was weakened, mainly due to breaches of the market guidelines, industry inefficiencies, constrained markets, and the crisis of the 1980s that resulted from foreign debt havoc and branded the 1980s as the lost decade.¹⁰²

4.2.1 Open Regionalism

At the end of the 1980s and in the beginning of the 1990s, great transformations took place that laid the foundations for a resounding change in the vision of regionalism and regional integration in South America.¹⁰³ The regionalism and regional integration of the 1990s is often referred to as *open regionalism*, *new regionalism* or *neoliberal regionalism*. Authors include Ethier or Bergsten, and its conceptual base points to new regionalism as the abandonment of all anti-market policies, the privilege of the multilateral system, the promotion of foreign investment, and the liberalization of the economy through reforms.¹⁰⁴

Meanwhile, in 1998, Bergsten pointed out that open regionalism may be considered as an effort to resolve one of the principal dilemmas of the policies of international commerce: how to achieve compatibility between the benefits of regional liberalization and the international system of commerce encompassed in the recently created WTO.¹⁰⁵

In the emergence of new or neoliberal regionalism, it is important to consider the role of the so-called Washington Consensus. In 1989, John Williamson, economist of international bodies like the International Monetary Fund (IMF) and the World Bank, decided to do a relative analysis of the impact of the old developmentalist ideas that were implemented by Latin American governments since the 1950s. He examined how these ideas may be replaced with policies that were considered appropriate by international institutions. Following the analysis, he recommended economic reforms to be carried out by Latin American countries over the next decade.¹⁰⁶ Those economic

¹⁰¹ Bouzas, Roberto and Faneli, José (2001): Mercosur: integración y crecimiento. Argentina, Buenos Aires: Fundación OSDE.

¹⁰² Bouzas, Roberto and Faneli, José (2001).

¹⁰³ This refers principally to the end of the Cold War and the triumph of the capitalist and liberal system, with Communism being left aside. In addition, South America started transitioning toward a democratic model after decades marked by dictatorial systems.

¹⁰⁴ Ethier, Wilfred (1998): The new regionalism. *The economic journal*, Vol. 108, No. 449, pp. 1149-1161.

¹⁰⁵ Bergsten, Fred (1997): Open Regionalism. *The World Economy*, Vol. 20, pp. 545-565.

¹⁰⁶ Williamson, John (2004): A Short History of the Washington Consensus. Fundación CIDOB.

ideas are referred to by the term *Washington Consensus*, which stems from the fact that the recommended reforms were considered appropriate by all the main institutions in Washington, D.C. Williamson points out that those institutions are the political class of the U.S. Congress, the members of the Federal Administration and the Federal Reserve, as well as the technocrats of the international institutions - the World Bank, the IMF, the Inter-American Development Bank (IADB), and research centers known as *think tanks*.¹⁰⁷

According to the Washington Consensus, the main reforms that the countries of Latin America must apply consisted of a set of 10 points: 1) fiscal discipline, 2) redirection of public expense priorities, 3) tax reform, 4) liberalization of the interest rate, 5) competitive exchange rates, 6) trade liberalization, 7) liberalization of foreign direct investment, 8) privatization, 9) deregulation, and 10) property rights.¹⁰⁸

In South America, these concepts and recommendations were taken up principally by ECLAC, which previously had a rather protectionist vision. This body published a series of papers or documents where it developed this new vision for the South-American states and regional integration. Among the documents prepared by ECLAC, we find documents like *"Productive Transformation with Equity"* from 1991, *"Open Regionalism in Latin America and the Caribbean: Economic Integration for the Service of Productive Transformation with Equity"* from 1994, and *"Productive Transformation with Equity the Priority Task of Development of Latin America and the Caribbean in the Nineties"* from 1996.

In these documents, ECLAC proposed its vision on how South America should adapt to the new challenges arising in a world that experiences great change. This new vision of integration recognizes the errors of the past, e.g. the failure of the LAFTA to play a relevant role, which was principally promoted by the model of import substitution and industrialization (as recommended by Prebisch) that limited the efforts to stimulate exports. This was stressed by the main weaknesses of the model and its application in the region: the limitedness of its markets and search for an alternative that could be adapted to a new international context, in which globalization expanded drastically.^{109 110}

During that time, the state tended to withdraw from the economy as its involvement was considered inefficient. Therefore, one of the principal

Presentation at the Conference "From the Washington Consensus towards a new Global Governance". Spain, Barcelona.

¹⁰⁷ Williamson, John (2004).

¹⁰⁸ Williamson, John (2004).

¹⁰⁹ Soares de Lima, Regina and Vasconcelos, Marcelo (2005): *Globalização, Regionalização e América do Sul*. Observatorio político Sul-Americano IUPERJ/UCAM.

¹¹⁰ ECLAC (1994): *El regionalismo abierto en América Latina y el Caribe: La Integración económica al servicio de la transformación productiva con equidad*. Economic Commission for Latin America and the Caribbean (ECLAC).

objectives was to liberalize the economy and stimulate foreign investment that allows development and increases competitiveness to adapt itself to the free market. We can observe the vision of ECLAC, which assumes that the prolonged economic crises in the 1980s and the international changes in Latin America have been fundamental in the search for new ways of adapting to the new reality and the challenges.¹¹¹ The policies proposed by ECLAC for this new era also include commitments among the states of the region such as the progressive reduction of practices considered to be discriminatory in international commerce, macroeconomic stabilization, the provision of conditions that facilitate trade, and the promotion of modern infrastructure.¹¹² These policies were considered to be fundamental to boost the economy's competitiveness and at the same time allow the introduction of the region into an international context of increasing globalization.

ECLAC itself used the term open regionalism with regard to the process that emerges from the necessity to reconcile - as Bergsten and Ethier point out - the interdependence resulting from preferential trade agreements like MERCOSUR, NAFTA or the Andean Community (*Comunidad Andina*, CAN) and the general liberalization of trade as promoted by the WTO. This made integration a basis to favor and stimulate the creation of a more open and transparent international economy. The IADB stated that these changes were necessary due to the "[...] disappointing performance of the first initiatives for economic integration and the near collapse of regional commerce during the crisis of the eighties [...]"¹¹³

It is relevant to stress the reflections of Amado Cervo, who sees open regionalism as a desire of governments to find a way that allows adaptation to the new international reality. This can be achieved by reconciling the interdependence created through Latin American integration and the interdependence resulting from the liberalization of the global market. According to him, integration thus turns into a reassurance against eventual threats stemming from unbounded global liberalism.¹¹⁴ The great boost for globalization of the international economy was enhanced by the stark transformations that characterized the end of the Cold War, such as the triumph of the liberal capitalist system over the Soviet model and the transition to democracy in the former Soviet Republics. In the context of South America, the political affinity between democratically elected governments was relevant in allowing for a great boost to regional integration policies. In general, South American governments in the 1990s were characterized by having neoliberal tendencies. This was supported

¹¹¹ ECLAC (1994).

¹¹² ECLAC (1994).

¹¹³ IADB (2002).

¹¹⁴ Cervo, Amado (2006): p. 22.

by their respective Presidents: Menem in Argentina, Collor de Melo, Itamar Franco, and later Fernando Henrique Cardoso in Brazil, Luis Alberto Lacalle in Uruguay, and many others in other South American countries.¹¹⁵

Considering what we have shown so far, we can point out that in the 1990s, the governments in South America strongly agreed with the proposals of the Washington Consensus and the open regionalism proposed by ECLAC. According to them, a series of economic reforms to reduce the role of the state and favor economic liberalization was necessary. The reforms implemented were supposed to work through free market forces and serve to achieve economic growth that was expected to eventually lead to social and economic development.

That conviction of the need to adapt to the new international context and leave behind protectionist policies brought different governments to incentivize those sectors of the economy that presented competitive advantages and that could have a greater projection on the international market to a greater degree. Gomes Saraiva explains that the open regionalism of the 1990s was characterized by the expectation to create economies of scale that could better compete in the international economy. According to him, the new regionalism was the counterpart to neoliberalism with regard to processes of regional integration and heavily guided the analyses of South American experiences during that time.¹¹⁶

This context was conducive for the emergence of regional bodies that focused exclusively on trade aspects like the promotion of free trade and the search for international insertion. MERCOSUR, the international body subject of our research of Brazilian foreign policy during Lula administration, was also solidified in the 1990s.

Initially during that time, Brazil and Argentina signed various cooperation treaties. The most important one was the Declaration of Iguazú, which strengthened the ties between both countries and constituted the most direct predecessor of MERCOSUR. MERCOSUR ultimately is the product of this context, including the return of democratic governments in South America. The two small economies of the Southern Cone – Uruguay and Paraguay – were added to the cooperation agreements between Brazil and Argentina to give shape to a new project of regional integration. With the signing of the Treaty of Asunción in 1991, MERCOSUR was officially created. During the 1990s, MERCOSUR was characterized by a regional body limited to commercial aspects. The charter also proposes creating a common market

¹¹⁵ We focus on these three countries because they are the fundamental actors, along with Paraguay, in the creation of the MERCOSUR.

¹¹⁶ Gomes Saraiva, Miriam (2013b): Novas abordagens para análise dos processos de integração na América do Sul: o caso brasileiro. Publicación de la Asociación Brasileña de Relaciones Internacionales, Vol. 8, No. 1, pp. 3-21.

and the institution itself stated that since its creation, the principal objective of MERCOSUR has been to provide a common space that generates commercial opportunities and investment possibilities through the competitive integration of national economies into the international market.¹¹⁷

There are different interpretations of the emergence of MERCOSUR. A publication by the IPEA¹¹⁸ sees it as the result of a prevailing ideological consensus of a neoliberal nature in the 1990s that was based on the idea that the state should have minimal intervention in the economy.¹¹⁹ Meanwhile, Malamud considers the creation of MERCOSUR as a typical case of open regionalism in the 1990s that was in accordance with the emergence of the WTO.¹²⁰ Its vision coincides with the fundamental aspects of open regionalism, mixing the most beneficial elements of regionalism and multilateralism.

MERCOSUR was seen by Brazil as an instrument for the insertion into a competitive free-market economy and the long-term consolidation of regional leadership in both economic and political aspects. Therefore, the creation of MERCOSUR is a relevant aspect that follows our theoretical framework. Low or weak institutionality without any sign of supranationality – which is a fundamental aspect in the realist approach to international relations – is a deliberate characteristic of the structure of MERCOSUR. Thus, it ensures two things at the same time for Brazil: first, maintaining the sovereignty or autonomy of its foreign policy and monetary, fiscal and commercial policies; second, strengthening its position as a global player and regional representative that is capable of negotiating in multilateral bodies and expanding Brazilian development.¹²¹

With respect to the last point, the former Secretary of Foreign Relations (1995-2001), Felipe Lampreia, stated that MERCOSUR included an essentially open process. According to him, its development was part of an ample effort for economic opening, trade liberalization, and better insertion into the global economy. To him, integration itself is not an objective but an instrument for wider participation in the global market.¹²²

¹¹⁷ MERCOSUR (2016): En pocas palabras. Mercado Común del Sur (MERCOSUR).

¹¹⁸ The Instituto de Pesquisa Econômica Aplicada (IPEA) is a Brazilian foundation of a federal nature linked to the Department of Planning, Budget, and Management. It specializes in carrying out research that serves to provide technical support for formulating or reformulating government actions and the correct application both of public policies and of development programs.

¹¹⁹ Desidera, Walter. et al. (2014): O Brasil e novas dimensões da integração regional. Brasil, Rio de Janeiro: IPEA.

¹²⁰ Malamud, Andrés (2010).

¹²¹ Gomes Saraiva, Miriam (2010b).

¹²² Vigevani, Tullo and Ramanzini, Haroldo (2014): Autonomia, Integração Regional e Política Externa Brasileira: MERCOSUL e Unasul. DADOS – Revista de Ciências Sociais, Vol. 57, No 2, p. 527.

It was through MERCOSUR that open regionalism in South America found its strongest expression: The first years of the body were characterized by a great optimism in the ability of economic reforms to promote free trade, having as a fundamental objective an increase in trade and economic development. In the 1990s, MERCOSUR had a rather circumscribed role in commercial aspects, promoting progressive tariff reductions and the establishment of a common foreign tariff to guarantee the free circulation of goods, services, and production factors. Intraregional trade grew significantly in the 1990s: Between 1991 and 1996, commercial exchange between the members grew from US \$9.115 billion to approximately US \$35.000 billion.¹²³

Despite the increase of intraregional commerce and economic growth, the loss of momentum and the weakening of regional commitments started becoming evident, which created a climate of unrest. Intraregional trade began to fall sharply and the members started acting in a unilateral manner, partly as a result of the succession of international economic crises: Mexico in 1995, Southeast Asia in 1997, and Russia in 1998. The culminating point in the deterioration of MERCOSUR was reached during the devaluation of the Brazilian Real in 1999 which had a severe impact on the countries of the region, provoking great difficulties for the process of integration. The international crises shrank the trade volume within the regional bloc both internally and externally.¹²⁴

The progressive increase of macroeconomic interdependence between the MERCOSUR member states added to the vulnerability that resulted from the economic opening and made the countries that had promoted open regionalism victims of the international economic context. Serious economic crises took place in 1990-2002 when the members of the regional bloc experienced an increase in their foreign debt, economic recession, inflation, abrupt devaluations, growth in unemployment, and growing poverty.¹²⁵

Vargas Llosa's opinion on the failure is interesting: He states that in the 1990s Latin America was reigned by rampant corruption that erased for a great majority of the people the possibility of fulfilling their expectations and dreams, while enriching the small minorities that possessed power.¹²⁶

Vargas Llosa adds that the liberal reforms promoted by the Washington

¹²³ IPTI (1999): Estudio de Integración Regional. Instituto de Planificación de Transporte e Infraestructura (IPTI), MTOP Uruguay.

OAS (n.d.): Capítulo 1 – Organización y Composición del Comercio Exterior de los Países del MERCOSUR. Organization of American States (OAS).

¹²⁴ Larracharte, Mariana (2010): Impacto de las crisis internacionales de los 90 en el MERCOSUR. Revista de Ciencias Económicas, Vol. 28, No. 1, pp. 69-79.

¹²⁵ The economic crises that we make reference to are Brazil in 1999, Argentina in 2001, and Uruguay in 2002. These crises had a strong impact on the financial and banking systems, affecting Argentina and later Uruguay to the greatest degree.

¹²⁶ Vargas Llosa, Mario (2010): Por qué fracasó América Latina. La ilustración liberal: revista española y americana, No. 45-46, p. 22.

Consensus and the ECLAC, applied by different governments, were poorly made because privatization was implemented by transferring public monopolies to private monopolies. According to him, privatization did not aim at the objectives of privatization from a liberal point of view: competition leading to the improvement of products and services, lower prices, and the dissemination of private property among non-property owners. He claims that instead, privatization aimed at enriching private interests, business people, companies, and the holders of power.¹²⁷

The aforementioned economic and social crises, coupled with the deterioration of MERCOSUR, meant the end of open or neoliberal regionalism. From 2003 on, governments of a socialist or progressive tendency began to be elected. They had the objective of correcting the great errors of the previous period, guaranteeing a greater and more equitable redistribution of wealth, eliminating poverty, promoting equality, and making way for "social justice." The emergence of progressive governments also was the result of dissatisfaction with the results of the liberal policies of the 1990s in terms of growth, employment, and social inclusion.¹²⁸

4.2.2 Post-Liberal Regionalism

Post-liberal,¹²⁹ *post-neoliberal regionalism*, *renewed progressivism*, or *post-hegemonic*¹³⁰ *regionalism* are terms that characterized the new stage of regionalism in South America which broke with the liberal, open, or commerce regionalism of the 1990s. By differentiating between the processes, we affirm that there are distinctive elements in each one, that they respond to different logics, and that the consequences of both differ. The "post-liberal" characterization resulted from the interest of South American governments in transcending the model of new regionalism that had prevailed in the previous decade.¹³¹

Its beginning took place with the rise of more progressive governments at the beginning of the early 2000s, with presidents like Chávez, Lula, Kirchner,

¹²⁷ Vargas Llosa, Mario (2010): p. 22.

¹²⁸ Desidera, Walter and Alves, Rodrigo (2013): Perspectivas para la integración de América Latina, 2. ed., Brasil, São Paulo: IPEA, CAF.

¹²⁹ Term coined by Sergio da Motta and Sandra Ríos.

Da Motta Veiga, Pedro and Rios, Sandra (2007): O regionalismo pós-liberal, na América do Sul: origens, iniciativas e dilemas. Economic Commission for Latin America and the Caribbean (ECLAC).

¹³⁰ Term coined by José Briceño

Briceño, José (2006): Regionalismo estratégico e interregionalismo en las relaciones externas del MERCOSUR. Revista Aportes para la Integración Latinoamericana, No. 15/2006, pp. 28-42.

¹³¹ Perrotta, Daniela (2012a).

and Evo Morales. Beyond the ideological harmony, all of them shared the characteristics of presidencies based on strong leadership that visibly influenced foreign policy. The signing of the Buenos Aires consensus by the Presidents Kirchner and Lula da Silva in 2003 is perhaps the clearest beginning of this new regionalism, along with the election of Chavez in 1998.

The Buenos Aires consensus sought to be the alternative to the Washington Consensus, proposed years before by the main credit institutions like the IMF, World Bank, and the United States Department of Treasury. Its ending, however, was debatable given the current situation that weighed over countries like Venezuela or Brazil and the change in paths of others like Argentina.

Sanahuja (2008) more clearly provides the characteristics of this new regionalism that may be summarized as follows:

- a) The primacy of the political agenda and less attention for the economic and commercial agenda, which is not unrelated to the rise to power of different left-wing governments, the markedly nationalist tone of those governments, and the attempts by some countries to exercise greater leadership in the region, particularly by Venezuela and Brazil.
- b) The return of the “development agenda” within the economic agendas of the *post-Washington Consensus*, with policies that intend to distance themselves from the strategies of open regionalism that was focused on trade liberalization.
- c) A greater role for state actors in the face of the protagonists, private actors and market forces of the previous model.
- d) A greater emphasis on the “positive” agenda of integration, focused on the creation of common institutions and policies and on more intense cooperation in non-commercial areas, which has given way to the broadening of SSC mechanisms and the appearance of a renewed agenda of peace and security.¹³²

Three elements are essential for understanding post-liberal regionalism. First, there was a strong distancing from free-market policies, the associated privatizations, and the roles of private companies. The economic crises in the late 1990s and early 2000s proved the exhaustion of the liberal model and the need to adopt new policies that privileged more social aspects. Lockhart explains that while leaving space for growth to the market, the states in the region retracted to the point where they tolerated high levels of social

¹³² Sanahuja, José (2008): Del regionalismo abierto al regionalismo post-liberal. Crisis y cambio en la integración regional en América Latina. In: Laneydi, Alfonso et. Al: Integración en América Latina y el Gran Caribe. Argentina, Buenos Aires: CRIES, pp. 11-55.

exclusion. He argues that the integration that took place in the 1990s only benefitted the raw material exporting and finance sectors.¹³³ Second, there was a primacy of the political with respect to the economic/commercial. This is notoriously visible in the strong characterization of new regional organizations like ALBA, UNASUR, or even the commercial stagnation of MERCOSUR that strengthened other channels of a political nature like the Parliament of the South (Parlasur). In the 2000s, the demand for regionalism was politically motivated.¹³⁴ Third, the vision of a strong state as the principal engine of development for the economy returned as opposed to the prevailing ideas in the neoliberal model that privileged the role of private companies as generators of economic growth. In the discourse of some leaders, globalization and neoliberalism are seen as threats capable of suffocating the role of the developmental state as a guarantor of economic growth. Consequently, it is considered necessary to adopt a protectionist and/or defensive regional strategy in order to preserve the role of a strong and efficient state capable of balancing the hegemonic power of the United States and of international credit bodies like the IMF.¹³⁵ Sanahuja explains that the need to establish social inclusion mechanisms justified recovering state capacities as a response to the excessive presence of the market.¹³⁶ According to De Motta and Ríos, the remarkable characteristic on which post-liberal regionalism rests, is that the liberalization of trade flows and investments, and their consolidation in commercial agreements will not necessarily benefit development. Nevertheless, they may substantially reduce the implementation of national policies for development and equality.¹³⁷ In this new scenario, the policies of trade liberalization that took place in liberal regionalism began to be revised by the new governments in the region (especially of Brazil, Argentina, Venezuela, and Bolivia). There is undoubtedly a harmony in the political leadership of these states and an ideological affinity that made new regional constructions possible. A product of this affinity is the creation of organizations like UNASUR.

An interesting concept for understanding post-liberal regionalism is *policy space*,¹³⁸ a term coined by the United Nations Conference on Trade and

¹³³ Lockhart, Nicolás (2013): La Identidad USAN: ¿Regionalismo Post-Neoliberal o Post-Hegemónico? Revista Ciencias Sociales, No. 140/2013, pp. 97-109.

¹³⁴ Soares de Lima, Regina and Vasconcelos, Marcelo (2005): p. 6.

¹³⁵ Sanahuja, José (2012): Post liberal regionalism in South America: The case of USAN. In: Serbin, Andres et. Al: El regionalismo “post-liberal” en América Latina y el Caribe: Nuevos actores, nuevos temas, nuevos desafíos. Argentina, Buenos Aires: CRIES, pp. 19-73.

¹³⁶ Sanahuja, José (2012).

¹³⁷ Da Motta Veiga, Pedro and Rios, Sandra (2007).

¹³⁸ The scope for domestic policies, especially in the areas of trade, investment and industrial development which might be framed by international disciplines, commitments and global market considerations.

Development (UNCTAD). It is defined as a space allowing the implementation of autonomous domestic policies, preservation of the freedom to develop industries, and a greater margin for maneuver by restricting foreign commitments. This space of autonomous politics in the face of the threats of economic globalization and North American hegemony places special emphasis on social issues, matters of equality and poverty reduction, and decreasing asymmetries in the region. The idea of this new space is in accordance with Lula's vision for foreign policy where the idea of *autonomy by diversification* is frequently found in his discourse, based on the idea of economic development while preserving autonomous policies.¹³⁹

There is a certain importance of maintaining a space for autonomous action regarding economic development and the implementation of foreign policy. This autonomy and space are clearly related to the role of the United State at the beginning of the last decade, which focused principally on the Middle East in the wake of the *War on Terror* that was initiated by President Bush as a consequence of the terror attacks on September 11th, 2001. In addition, the failure of the FTAA at the Mar del Plata summit in 2005 put an end to a process of U.S. integration with South America in its entirety.

Within this panorama, the creation of UNASUR is a clear example of the post-liberal period including the search for an "autonomous"¹⁴⁰ South American integration space with its own institutionality and without the participation of countries like the U.S. or Mexico (which is seen as a competitor to Brazil in the region). The organization is an example of how political and social aspects substituted the commercial and economic aspects in the region that prevailed during the liberal period. Matters like infrastructure, energy, social justice, drug trafficking, and poverty reduction were prioritized over the goals and purposes put forth by liberal regional organizations, including trade liberalization, tariff barriers, or tariff reduction. Gomez states that the rise to power of presidents with center-left ideologies characterized the prioritization of integration that would include political, social and defense-related aspects, while the trade agenda was redefined according to the new vision of economic development that was connected with social inclusion.¹⁴¹

UNCTAD (2008): Accra Accord and the Accra Declaration. United Nations Conference on Trade and Development (UNCTAD).

Mayer, Jörg (2008): Policy Space: What, for What, and Where? UNCTAD Discussion Papers. United Nations Commission on Trade and Development (UNCTAD).

¹³⁹ Vigevani, Tullo and Cepaluni, Gabriel (2007): A Política Externa de Lula da Silva: A Estratégia da Autonomia pela Diversificação. Contexto internacional. Vol.29, No.2, p. 275.

¹⁴⁰ A greater autonomy before the market, as Sanahuja (2012) explains, including autonomy in the politics of development and before U.S. foreign policy.

¹⁴¹ Gomez, Magalí (2014): Regionalismo Post Hegemónico en América del Sur. La construcción de la USAN presentado en Congreso del IRI. Argentina, La Plata.

One consequence of the primacy of non-conventional aspects on the agenda can be seen in the creation of different bodies within UNASUR that focused on non-economic aspects like the Initiative for the Integration of the Regional South American Infrastructure (*Iniciativa para la Integración de la Infraestructura Regional Suramericana*, IIRSA) and later the South American Council of Infrastructure and Planning (*Consejo Suramericano de Infraestructura y Planeamiento*, COSIPLAN), the South American Defense Council (*Consejo de Defensa Suramericano*, CDS), and the Council of South-American Social Development (*Consejo de Desarrollo Social Suramericano*, CDSS). The declaration of Cochabamba - a fundamental predecessor to the organization - already stated clearly that the countries proposed a new model of integration with its own identity and pluralist in the midst of diversity and differences, recognizing the different political and ideological conceptions that correspond to the democratic plurality of those countries.¹⁴²

As Borón explains, South American integration under these concepts rests on elements that the member countries have in common: a historical past of colonization and exploitation, the need to strengthen Latin American ties, and the aspiration to be recognized for more than being only a part of their northern neighbor's "backyard" (in reference to the United States).¹⁴³ The successive economic crises in the region (Mexico in 1995, Brazil 1999, Argentina in 2001, and Uruguay in 2002) served as arguments for the leaders in the region that a change was necessary, a *mudança* of orientation where the state is once again a protagonist. According to them, the free-market policies implemented in the liberal period had proven inefficient, and thus resulted in grave economic deteriorations. Within this new framework of thought, UNASUR emerged as a response to the concerns that corresponded with the arrival of new and more progressive governments.

In contrast, MERCOSUR is the product of the open regionalism of the 1990s and the political harmony of more liberal governments where mutual interests converged. Those were related to regional trade liberalization, the reduction of tariff barriers, and the creation of a customs union that had more weight in international negotiations. Initially, the project started between Argentina and Brazil and was later joined by the smaller members, Uruguay and Paraguay. From the beginning, its conception was eminently economic-commercial along with an institutionality that would accompany the integration process with the creation of a controversy-solution center in order to resolve trade issues between its members.

¹⁴² Declaración de Cochabamba: Colocando da Piedra Fundamental para una Unión Sudamericana, 09 December 2006. II Cumbre de Jefes de Estado de la Comunidad Sudamericana de Naciones. Sistema Económico Latinoamericano y del Caribe (SELA).

¹⁴³ Boron, Atilio (2012): América Latina en la Geopolítica del Imperialismo. Argentina, Buenos Aires: Ediciones Luxemburg.



In the 21st century, and especially after the approval of the MERCOSUR 2004-2006 Work Program, the trade organization took a new turn resulting from the new post-liberal period. MERCOSUR morphed with the new program that was devised by Brazil and, thus was backed by Brazilian leadership. This proved a new focus in the organization, particularly regarding the question of the link between human rights, legislative bodies, and trade aspects of a customs union like MERCOSUR. Thus, MERCOSUR acquired a new image as social and political aspects were introduced into this organization that clearly had not addressed these matters from its creation. Briceño states that the new expression of regionalism in MERCOSUR manifested itself in the definition of new priorities and a foreign policy environment that determined external negotiations.¹⁴⁴

This new conception of the 21st-century MERCOSUR is also backed by Bermúdez Torrez, who argues that starting in 2006, new socio-political dimensions were introduced into the bloc, transcending the limits of a customs union. These dimensions become clear in the defense of democracy, human and fundamental rights, environmental protection, and sustainable development. According to the author, another aim of MERCOSUR is to provide a political platform that is capable of dealing with conflicts in the region and diplomatic crises. Bermudez explains that the bloc aims to promote regional governability, democratic stability and peace in South America, based on the special relationship between Argentina and Brazil.¹⁴⁵ The adherence of Venezuela brought a more ideologized and politicized vision to the Southern Cone bloc as the Chavista government displayed a strong discourse with regard to the international context, especially in confrontation with the U.S.

We conclude that UNASUR – due to the contextual characteristics in which it was conceived and later matured - is a clear example of the new post-liberal period that started at the beginning of the 21st century. MERCOSUR, however, was formed under a very distinct panorama. Nonetheless, it has been molded and morphed to contain characteristics of the new period of regional integration.

¹⁴⁴ Briceño, José (2006).

¹⁴⁵ Bermudez Torres, Cesar (2011): La integración regional a comienzos del siglo XXI: MERCOSUR y USAN. Revista UIS Humanidades, Vol. 39, No. 01/2011.

CHAPTER 5

Brazilian Foreign Policy from Identity to Paradigms: The Epistemological Debate of the Itamaraty

In this section, we will focus on understanding how the concepts covered above have molded the identity of Brazilian foreign policy throughout history, as well as the paradigms that guided it. We will focus on the internal debate that has been generated in Brazil's foreign policy between the 1990s and the first years of the 21st century. One of the axes of our work will concentrate on the role that the two important intellectual currents of pragmatic institutionalists and autonomists had within the Itamaraty. The main exponents of the debate were Fernando Henrique Cardoso and Luiz Inácio Lula da Silva, whose visions were decisive for Brazilian foreign policy. Throughout history, states have generated a set of determining ideas for their own vision and the place they occupy on the international stage. The concepts of international identity and paradigm are connected and are both relevant for understanding the actions of individual countries in international relations.

5.1 International Identity

All countries position their foreign policies and international insertion within paradigms that are molded by their international identity in foreign policy. By identity we mean a set of ideas focused on the common good or interest that induces the citizens of a state to have a shared vision. As Bloom indicates, identity is the condition by which the majority of the population identifies national symbols.¹⁴⁶

Here it is relevant to remember the thought by Hurrell, which – as explained in the first chapter - states that all states generate their own perception of the world, i.e. their international identity, based on objective or symbolic factors. International identity is a determining factor and serves as a fundamental

¹⁴⁶ Bloom, William (1993): Personal Identity, National Identity and International Relations. United Kingdom, Cambridge: Cambridge University Press.



base for the role each state aims to occupy on the international stage. Each country has a story to tell about its creation and its place in the world. There are numerous examples of international identity in international relations, for example the U.S. *Manifest Destiny* or *American Exceptionalism*, and the French *Politique de grandeur*.¹⁴⁷

Brazil is no exception: Since its beginnings, there has been a sentiment of exceptionality. As we have explained earlier in this work, the sentiment of exceptionality is a fundamental part of Brazil's international identity, which is characterized by the historical ambition of positioning itself as a relevant actor that occupies a special place on the international stage.

Celso Lafer explains that Brazil's international identity is based on three outstanding points that ensure its singular place in the international system: continental size, relationships with many neighboring states, and linguistic unity.¹⁴⁸ Soares de Lima and Saraiva agree that international identity passes through the belief that Brazil should assume a natural role as a great country or player at the global level, while keeping an autonomous margin for action in the international system. Cervo upholds that Brazil's international identity is based on its accumulated history, which is focused on the preparation of a national development project that is described as a national objective and a vector for external action.¹⁴⁹ It is relevant to remember Brazil's historical aspiration to obtain a permanent voting seat in the United Nations Security Council, arguing that the democratization of the international system and a vote for Latin America were necessary. During Lula's presidency, the BRICS group (Brazil, Russia, India and South Africa) was promoted as part of the Brazilian strategy to achieve multi-polarity in the international order.

For a better understanding of Brazil's accumulated history, Cervo identifies several factors that have determined Brazil's conduct in the international arena: 1) self-determination, non-intervention, and peaceful solution of controversies, 2) respect for international treaties, 3) multilateralism, 4) cooperative and non-confrontational foreign action, 5) strategic associations, 6) realism and pragmatism, 7) cordiality with neighboring states, 8) development and 9) independence in international insertion.¹⁵⁰ According to Lafer, these factors have been decisive and persistent in foreign policy, while they must be in agreement with the internal needs and external possibilities of the country. Some of those depend on imponderables like geographic location in a certain region or the global power structure that shape lines of continuity. They also fundamentally

¹⁴⁷ Cervo, Amado (2003): Política exterior e relações internacionais do Brasil: enfoque paradigmático. Revista Brasileira de Política Internacional, Vol.46, No. 2, pp. 5-25.

¹⁴⁸ Lafer, Celso (2001): A identidade internacional do Brasil política externa brasileira. Brasil, São Paulo: Perspectiva.

¹⁴⁹ Cervo, Amado (2006): p. 10.

¹⁵⁰ Cervo, Amado (2006): p. 10.



shape a country's foreign policy, which is influenced by international identity.¹⁵¹

5.2 Paradigms

Paradigms in international relations may be understood as a comprehensive explanation of reality. This explanation is strongly influenced by cultural assumptions that are accumulated by a significant portion of the population and the ruling class and are marked by a set of ideas, values, and feelings. This implies that the state authorities' perception of national interests - which may be social, political, economic, and cultural - determine the construction of a state's foreign policy.¹⁵²

During the first years of the Empire of Brazil, foreign policy was governed by a liberal-conservative paradigm that was characterized by the search for recognition from the great European powers and commercial relationships. The Empire of Brazil felt closer to Europe culturally and institutionally. The relationship with the region of the Americas was very limited: The Empire of Brazil maintained an isolationist position and considered itself - in its capacity as a constitutional monarchy - as superior to the chaotic Hispanic Republics characterized by instability and civil wars.¹⁵³

With the end of the Empire and the rise of the Republic, the so-called Americanization of Brazil's foreign policy took place under the Baron of Rio Branco. A close relationship with the U.S. became necessary in order to join the most powerful nations of the world. The similarities between Brazil and the United States, such as their territorial extension, ethnic diversity, and Hispanic neighbors served as a base.¹⁵⁴ In 1930, following the Great Depression, Getúlio Vargas came to power in Brazil. According to some authors, he can be placed in the idea of Americanism, although displaying differences with regard to the nationalist bargaining: He offered strategic support to the U.S. in exchange for U.S. support for Brazilian economic development.¹⁵⁵ This stimulated developmentalism as a model of international insertion, introducing commercial negotiation, promoting the creation of a national industry, and thus ensuring decision-making autonomy in a pragmatic or realistic way. This has decisively influenced Brazilian foreign policy until today.¹⁵⁶

At the end of the 1950s and the beginning of the 1960s, in the context of the

¹⁵¹ Lafer, Celso (1987).

¹⁵² Cervo, Amado (2003).

¹⁵³ Amorim Neto, Octavio (2011): De Dutra a Lula A condução e os determinantes da política externa brasileira. São Paulo, Brasil: Elsevier-Campues, Konrad Adenauer Stiftung.

¹⁵⁴ Gomes Saraiva, Miriam (2010a).

¹⁵⁵ Pinheiro, Leticia (n.d.): A Política Externa de Vargas. Centro de Pesquisa e Documentação de História Contemporânea do Brasil.

¹⁵⁶ Cervo, Amado (2003).

Cold War, Brazil acquired a Latin American identity and promoted the search for a development aid plan, emphasizing the importance of developmentalism. The failure of this proposal made Brazil propose an independent foreign policy, seek the diversification of its relationships and distance itself from the United States. Brazil became more conscious of its condition as a developing country. In 1964, a coup d'état occurred and a military dictatorship was established. The regime sought automatic alignment with the United States, especially between 1964 and 1967, and developed strong geopolitical and economic ties. This era is also notable for ideological Americanism based on a convergence in values between the United States and Brazil. Brazilian Ambassador to the United States, Magalhães, once said that what was good for the U.S. was also good for Brazil.¹⁵⁷

The international vision by the regime changed in the mid-1970s and the autonomist aspects that had characterized the previous periods were reintroduced. This was known as *responsible pragmatism and autonomy through distance*.¹⁵⁸ Notably, Western ideas were shared but at the same time the United States' attitudes were criticized. This autonomous and pragmatic vision was developed by distancing itself from controversial topics, obtaining benefits from the international system, and seeking agreements with other states, i.e. by initiating a foreign policy towards Africa. This vision was maintained until the end of the dictatorship in 1985. The return to democracy in its first years was characterized by a slow transition and the aim to improve Brazil's international image. Fundamental elements were the Declaration of Iguazú and the subsequent cooperation agreement known as the Program for Integration and Economic Cooperation (*Programa de Integración y Cooperación Económica*, PICE) – a cooperation agreement between Brazil and Argentina, signed in 1986. This agreement laid the foundations for the creation of MERCOSUR and marked the beginning of the end of the *autonomy through distance* vision in Brazilian foreign policy.¹⁵⁹

It can be pointed out that the concepts of power, leadership, and foreign policy in international relations are interconnected by international identity. In this case, they are fundamental for the vision of the world and the role Brazilians believe they should play. Foreign policy became a tool for Brazil in order to fulfill its destiny.

¹⁵⁷ Amorim Neto, Octavio (2011): p. 56

¹⁵⁸ Cossio, Julio (2007): *A Política externa brasileira* In: Avelar, Lucia and Cintra, Cintra. *Sistema político brasileiro: uma introdução*. 2da Edición. Brasil, Rio de Janeiro: Editora Unesp and Fundação Konrad Adenauer.

¹⁵⁹ Cepaluni, Gabriel and Vigevani, Tullo (2009): *Brazilian Foreign Policy in changing times the quest for autonomy from Sarney to Lula*. US, Maryland: Lexington Books.

5.3 The Internal Debate on Brazil's Foreign Policy

In the following, we analyze what we identify as the two most relevant visions for Brazilian foreign policy in recent decades: the currents of pragmatic institutionalists and autonomists. These currents generated an intense debate in Brazil and in a certain way redefined Brazil's strategy for the South American region, giving way to regional bodies. According to our hypothesis, the interest of the Brazilian government in positioning itself as a regional leader resulted in the Lula administration's foreign policy to pursue a more active role in regional multilateral bodies.

Importantly, these two currents are not necessarily antagonistic. In fact, they have certain elements in common that transcend the political. Nonetheless, it is valid to define them as two distinct visions of how Brazil should insert itself in international politics. However, both currents maintain the same goal, which is to position Brazil as a global player with sufficient abilities to change the international order and have a more relevant role in a world that had been unipolar since the fall of the Berlin Wall. At the same time, the next section will explain the concept of autonomy in the region, which is useful for understanding the autonomist current within Itamaraty.

5.3.1 The Pragmatic Institutionalists

As we mentioned in the analysis of regionalism in South America, the international context in the late 1980s and early 1990s was characterized by the end of the Cold War, with the consequent collapse of the Soviet system and the triumph of the United States as a global leader. This opened a new international stage that was characterized by the explosion of globalization and liberal tendencies in the economy and international politics. In addition, the democratization in South America added to these factors.

In 1990, Collor de Mello became president of Brazil. His government attempted to apply a markedly neoliberal agenda that considered the complete liberalization as necessary, which resulted in the withdrawal of the state that was seen as inefficient. The minoritarian liberal current in the Itamaraty had the objective of completely abandoning any discourse on the "third world" or development paths in order to implement a foreign policy that was based on privileging relationships with the so-called first world that Brazil aimed to be part of, particularly with the United States and Europe.¹⁶⁰ The end of the Collor de Mello administration and the subsequent marginalization of Itamaraty's liberal current resulted in the consolidation

¹⁶⁰ Gomes Saraiva, Miriam (2010a).

of two groups with divergent visions on the strategies and priorities of Brazilian foreign policy in its search for successful insertion in the world. The current of pragmatic institutionalism prevailed in 1992, peaked between 1995 and 2002, and was promoted by some principal proponents who occupied public service positions, and thus were able to apply their vision in public policies. The figures of greatest relevance were: 1) Fernando Henrique Cardoso, Secretary of Foreign Relations (1992-1993), Secretary of Finance (1993-1994) and President of Brazil (1995-2003), 2) Luiz Felipe Lampreia, Secretary-General of Foreign Relations (1992-1993) and Secretary of Foreign Relations (1995-2001), 3) Celso Lafer, Secretary of Foreign Relations (1992 and 2001-2003), 4) Rubens Barbosa, Brazilian Ambassador to the United Kingdom (1994-1999) and the United States (1999-2004) and Coordinator of the Brazilian Sector of MERCOSUR, and 5) Gelson Fonseca, Diplomatic Advisor to Fernando Henrique Cardoso (1995-1999) and Ambassador to the United Nations (1999-2003).

This set of actors was crucial for implementing the so-called pragmatic-institutionalist vision, which prioritized support for existing regimes and international values.¹⁶¹ ¹⁶² The pragmatic institutionalists speak of a world marked by a new type of shared sovereignty, based on the existence of a series of relevant countries sharing a common discourse that promoted the creation of international blocs. In this context, the most dominant country was the United States, which is why the pragmatic institutionalist believed that Brazil should modernize in order to guarantee the correct adaptation to the new international scenario.¹⁶³

According to the pragmatic institutionalists, it was imperative to restore the credibility of global financial, economic, and political centers. This implied economic and institutional reforms in order to stabilize the Brazilian economy.¹⁶⁴ They were convinced that Brazil's international politics should privilege economic and commercial relationships with the rest of the world because by achieving these, Brazil could turn itself into a relevant actor in the international system, openly projecting itself through dialogue and cooperation.¹⁶⁵ The pragmatic institutionalists were conscious of the fact that Brazil could not determine its relationship with the rest of the world based on ideological preferences. In the new international context, economic, cultural, and symbolic power is more important than ever and the ability to assume it is decisive. Thus, Brazil needed to pragmatically

¹⁶¹ Gomes Saraiva, Miriam (2010a).

¹⁶² It is important to stress that the group of pragmatic institutionalists did not leave aside the fundamentals of Brazilian foreign policy: autonomy, universalism, and destiny for greatness.

¹⁶³ Gomes Saraiva, Miriam (2010a).

¹⁶⁴ The Real Plan consisted basically of a stabilization plan focused on attacking the hyperinflation that affected the Brazilian economy.

N.N. (2014): The Real Plan: The echoes of 1994. The Economist, 03 July 2014.

¹⁶⁵ Cervo indicates that this period is characterized by the triumph of the monetarists

seek to strengthen multipolarity by supporting the role of international institutions as the only bodies allowed to establish international rules. Lampreia declared that complying with these guidelines would result in greater capacity for affirmative action and participation in the elaboration of international norms and regimes that are of importance to the country.¹⁶⁶

Pragmatic institutionalism identifies the means to achieve the objective of influencing the international agenda as autonomy - a traditional aspect in the Brazilian vision of the world. Importantly, the definition of autonomy in Brazil has been modified with the evolution of governments. According to Vigevani and Cepaluni, there are three identifiable categories of autonomy: 1) *autonomy by distance* (corresponding to the last stage of the military dictatorship and to the Sarney administration), 2) *autonomy by participation* (during the Cardoso administration), and 3) *autonomy by diversification*, which was developed during the last decade of the Lula administration. The concept of *autonomy by integration* was introduced by Gelson Fonseca and Luiz Felipe Lampreia who sought to apply a fundamental concept in Brazil's traditional international vision, while also distinguishing the new foreign policy. According to them, foreign policy had previously been characterized by an isolationist autonomy that had marginalized Brazil on the international stage. The proponents of Fernando Henrique Cardoso's foreign policy assumed that autonomy was needed for integration. This was opposed to the archaic concept of isolationist autonomy, as they assumed that isolation or the pretense of auto-sufficiency could not help Brazil to gain greater autonomy and influential capacities.¹⁶⁷

Autonomy by integration was seen as the fundamental strategy for applying the pragmatic ideas of the new Brazilian foreign policy. In the new world, the classic search for autonomy was supposed to take place through participation, i.e. by being capable of influencing the international agenda and the path of the international system. The latter clearly reflects the intention to increase participation on the international stage as a *global trader* and *global player*, i.e. to become a relevant actor in economic-commercial and political aspects. Following this vision, the principal objective was to avoid the risk of isolating oneself from the new international trends, since even a country like Brazil with countless resources and a continental scale runs tremendous risks.¹⁶⁸

As mentioned before, with the return to democracy, Brazil sought to improve

¹⁶⁶ Lampreia, Luis (1998): A política externa do governo FHC: continuidade e renovação. Revista Brasileira de Política Internacional, Vol. 41, No. 2, p. 9.

¹⁶⁷ Lampreia, Luis (1998).

¹⁶⁸ Abreu, Sergio and Forencio, Lima (2015): Trajetória do MERCOSUL e mudança de paradigmas e de posições da política externa brasileira: Começo virtuoso e crise recente - possíveis interpretações. 2125 Texto paradiscussão. IPEA.

its image in the Latin American region through a cooperative relationship with Argentina. There was an idea that changes in the international circumstances would encourage Latin American integration. Nonetheless, in 1991, Canada, the United States, and Mexico started negotiations to establish a free trade agreement. The agreement was finalized in 1994 with the signing of the North American Free Trade Agreement (NAFTA). For Brazil, this meant a repositioning with respect to regional integration, as the concept of Latin America was no longer seen as functional for Brazilian objectives. The brief government of Itamar Franco with Celso Amorim as Secretary of Foreign Relations sought to promote a South American free trade area in opposition to NAFTA and the Initiative of the Americas.¹⁶⁹ From this moment on, Brazil considered that regional integration efforts should prioritize South America. This became especially clear with the victory of Fernando Henrique Cardoso in the 1994 presidential elections as the aforementioned current of pragmatic institutionalists became dominant and the recently created MERCOSUR was considered the main instrument of regional action.^{170 171}

In the vision of the pragmatic institutionalists or autonomists by integration, MERCOSUR was established as an instrument to facilitate the objectives of economic development and reaffirm Brazil's regional political leadership.¹⁷² Lampreia highlights the role of a more integrated space in South America and weight in the region that was assigned to MERCOSUR.¹⁷³ Regional leadership was defined in pragmatic terms but included autonomist ideas, i.e. it was considered necessary to act in a moderated manner and take regional partners into consideration, prioritizing economic and commercial aspects. Moreover, commercial liberalization and progressive tariff reduction within MERCOSUR were considered fundamental for controlling internal impacts and promoting entry to international markets.¹⁷⁴

In the final years of Cardoso's presidency, foreign policy makers added the need to stimulate regional infrastructure to commercial integration aspects as a principal axis of development and democracy consolidation. In 2000, Brazil convened the first South American presidential summit where, in addition to the ten traditional countries, Surinam and Guyana participated for the first time.¹⁷⁵ During this time, the president's participation in foreign policy increased in line with presidential diplomacy. The pragmatists believed it to

¹⁶⁹ Villafaña, Luis (2014): A América do Sul no discurso diplomático brasileiro. Coleção CAE, Fundação Alexandre de Gusmão, Ministério das Relações Exteriores do Brasil.

¹⁷⁰ De Almeida, Paulo Roberto (2016): Homenagem ao ex-chanceler, embaixador Luiz Felipe Lampreia Diplomattizando Blog Paulo Roberto de Almeida.

¹⁷¹ Villafaña, Luis (2014).

¹⁷² The origin of MERCOSUR is based on the principles of open regionalism.

¹⁷³ Lampreia, Luis (1998): p. 12.

¹⁷⁴ Abreu, Sergio and Forencio, Lima (2015).

¹⁷⁵ Villafaña, Luis (2014).

be necessary for the president to have greater action in international matters. This included the acceptance of the international regime and its values, while Brazil was supposed to be capable of participating in and influencing the international agenda without being perceived to be influenced by any actor in particular. Rubens Barbosa believes that Cardoso's foreign policy helped Brazil to project itself on the international stage. In the new international context that was characterized by multilateralism and growing globalization, trade was the most fundamental aspect. This was reflected in the importance that Brazil gave to regional integration, considering MERCOSUR a commerce tool to transform itself into a global actor.

Finally, we need to emphasize that within Itamaraty there was no consensus on the strategy that was implemented in the 1990s. A clear politicization can be observed in the structure of Brazilian foreign policy between those who defended a vision that was closer to neoliberalism - the pragmatic institutionalists - , and a current that was emerging more and more toward the end of the decade - known as autonomist. The autonomists were principally represented by two figures: Celso Amorim and Samuel Pinheiro Guimarães, who both criticized the present strategy of being very moderate in international actions and markedly neoliberal, thus creating greater dependence for Brazil and aggravating social difficulties. They represented a vision that aimed for greater autonomy that would consider developmental positions and allow Brazil to assume a more active role and control its own destiny. This latter vision was consolidated with the victory of the PT and Luiz Inácio Lula da Silva in the 2002 presidential elections for the 2003-2007 period, and their reelection for a second term in 2007-2011. This current is a central part of our research, since its vision of the world and Brazil's role in it is decisive for Brazilian foreign policy.

5.3.2 The Autonomists

It is relevant to clarify what we mean by the term autonomy in South America. If we resort to a linguistic definition of the word, autonomy according to the Royal Spanish Academy has two meanings - which combined are useful for introducing the concept. Autonomy is understood as the ability of someone who, for certain things, does not depend on anybody and conducts themselves according to their own standards. Adapting this definition to the political field, we then find a term with a double dimension: on the one hand, it includes the power a state exercises in order to maintain independence from other states. On the other hand, it includes the ability of a state to build spaces of autonomous action under its own rules without

the intervention of third parties. According to Puig, one of the principal proponents of the concept of autonomy in South America, along with others like Tokatlian or Russell, the action of becoming more autonomous implies broadening one's own margin of self-determination, which usually includes narrowing the margin of others. He sees the achievement of greater autonomy as a strategic zero-sum game, in which the gains for one are the losses of someone else.¹⁷⁶

Spaces for regional integration like UNASUR, with Brazil as a regional leader, specifically propose to broaden the country's margin of decision in the face of the influence of other states possessing power in the global arena, like the United States. After the 09/11 attacks and the failure of the FTAA in the 2005 Mar del Plata Summit, the U.S. lost interest in South America and has not had a strategy for regional integration ever since. Instead, it has maintained bilateral relationships: in some cases by signing Free Trade Agreements (with Chile, Peru, and Colombia) or having closer ties on defense matters (e.g. with Colombia), but without carrying forward projects of a truly regional scope. The loss of interest has left space for Brazil to advance, fostering new spaces and creating areas for regional discussion where Brazil clearly "wins" what the United States has lost. As Russel points out, Brazil has shown the capacity and the will to make decisions that are based on its own objectives and needs without facing foreign interference.¹⁷⁷

In the Americas, the notions of autonomy and sovereignty have different implications depending on whether one refers to Central America or South American countries like Argentina or Brazil. For Tickner, one of the consequences of the repeated history of North American interventions during the 20th century in Central America was that territorial integrity became a central concern for those countries. In South America, autonomy and sovereignty were seen as essential conditions for the state to achieve national development. The concerns in Central America were clearly different from the debates in the Southern Cone that dealt with the question of whether the state should obtain a role that was more related to national development.¹⁷⁸

In Brazil, 20th-century scholars like Hélio Jaguaribe in the 1970s laid the basis for a more developmentalist role of the state. This role was based on the promotion of a model that in South America was known as

¹⁷⁶ Oddone, Nauhel and Granato, Leonardo (2010): Alianza bolivariana y USAN a la búsqueda de autonomía, orígenes y objetivos. *Intellector*, No. 13/2010.

¹⁷⁷ Russell, Roberto and Tokatlian, Juan (2001): De la Autonomía Antagónica a la Autonomía Relacional: una mirada teórica desde el Cono Sur. *Posdata Revista de Reflexión y Análisis Político*, No. 7/2001.

¹⁷⁸ Tickner, Arlene (2002): Los estudios internacionales en América Latina ¿subordinación intelectual o pensamiento emancipatorio? Colombia, Bogotá: Uniandes, Alfaomega.

Import Substitution Industrialization (ISI model) and was promoted by international bodies like ECLAC. The role of the state in economic activities was privileged, especially the role of national industries in the face of dependence on imports. According to Romero, autonomy meant, above all else, the possibility of looking for development opportunities and freeing countries of their dependence. After the failure of the ISI model and the rise of more liberal governments during the 1990s, these concepts became unused. However, starting in the 2000s, they were taken up again by new governments that agreed with certain postulations, principally with the role of the state in a new post-9/11 international order.¹⁷⁹

In the Itamaraty, the autonomist current is linked largely to Lula da Silva's followers, while the pragmatic institutionalists are closer to former presidents like Henrique Cardoso. As mentioned above, both currents maintain positions in common that are part of foreign policy. Universalism as well as Brazil's autonomy in international relations is defended by both currents. However, each current puts a greater emphasis on certain matters than on others. Gomez Saraiva understands universalism as the ability to maintain relationships with any state, regardless of their political or economic regime or the geographic distance that separates them.¹⁸⁰ Under this concept, the goals of the Brazilian state are privileged over whether both states share their forms of government. Through universalism, Brazil aspires to be a global player that achieves global insertion through global foreign policy. Autonomy is understood as the country's margin for maneuver with respect to other states and in international relations in general.^{181 182}

The precursory ideas of the autonomist current (also called nationalist or developmentalist) are found in the ideas of Jaguaribe and the ISI model, which created strong industrial sectors in Brazil that benefited from the promotion of domestic production under the Lula administration. Throughout this analysis, we will see how Brazilian companies have benefited from regional structures like UNASUR or the realization of infrastructure projects through FOCEM in MERCOSUR. Authors like Amado Cervo use a series of Brazilian foreign policy paradigms that had been implemented throughout the country's history, in order to explain the actions of the Lula administration. We believe that there are some interesting elements that may be transferable to the autonomist position. Some of those postulates are 1) the promotion of industry as a way to satisfy the demands of society, 2) the implementation of a national development project aimed at

¹⁷⁹ Russell, Roberto and Tokatlian, Juan (2001).

¹⁸⁰ Gomes Saraiva, Miriam (2010a).

¹⁸¹ Gomes Saraiva, Miriam (2010a).

¹⁸² Gomes Saraiva, Miriam (2010b).

overcoming inequality and reducing asymmetries between nations¹⁸³, and 3) the conception of development as a factor of foreign policy.¹⁸⁴

The contemporary defenders of the autonomist current include Celso Amorim, former Secretary of Foreign Relations (2003-2011), Samuel Pinheiro Guimarães, former Secretary-General of Foreign Relations (2003-2009), Marco Aurélio Garcia, former Advisor on Foreign Issues to the President of Brazil (2003-2016), and Rubens Ricúpero, former Secretary of the Treasury (1994). According to Amorim, there is no greater independence than having an autonomous position.¹⁸⁵ Brazilian foreign policy thus makes use of autonomy in order to avoid relationships of subordination with the hegemonic countries of the global order. The autonomist current is a supporter of defending an independent, autonomous, and more active role for Brazil on the international stage. It especially seeks to form spaces of action that are autonomous from the great centers of international power like the United States. According to Pinheiro Guimarães, the South American countries see themselves in a dilemma: They can either unite to defend their interests of identity and autonomous policy, or they can be absorbed as simple periphery of the great blocs.¹⁸⁶ The creation and strengthening of regional integration projects like UNASUR and MERCOSUR with a single regional power like Brazil (without the participation of Mexico and the United States)¹⁸⁷ does nothing more than reaffirm the autonomist current and the Lula administration's idea of positioning itself as a leader at the regional level. Gomes Saraiva points out that diplomacy under the Lula administration was characterized by its efforts to become a regional leader and global power.¹⁸⁸

A more radical position is that of the former Secretary-General of Foreign Relations, Pinheiro Guimarães. According to him, the United States promote the disintegration of platforms for regional autonomy like UNASUR by signing

¹⁸³ The reduction of asymmetries is a constant reference throughout the Lula government, the creation of convergence funds like the FOCEM within MERCOSUR has been an instrument for carrying out this purpose.

¹⁸⁴ Cervo, Amado (2003).

¹⁸⁵ N.N. (n.d.): Amorim diz que "EUA pisaram no nosso calo" - Entrevista concedida à colunista Eliane Cantanhêde, do jornal "Folha de S. Paulo". Ministério das Relações Internacionais do Brasil.

¹⁸⁶ Pinheiro Guimarães, Samuel (2007): O mundo multipolar e a integração sul-americana. Carta Maior.

¹⁸⁷ According to José De Costa Fiori, new initiatives like UNASUR and ALBA represent a revolution in continental relationships and confront the United States that wish to keep the continent under its supranational economic territory as the long assisted adolescence of South America over.

Fiori, José Luis (2008): O Sistema Interestatal Capitalista no Início do Século XXI. In: Fiori, José Luis; Medeiros, Carlos and Serrano, Franklin: Omíto do Colapso do Poder Americano. Brazil: Rio de Janeiro, São Paulo: Editora Record, p. 59.

¹⁸⁸ Gomes Saraiva, Miriam (2010a).

bilateral free trade agreements with individual countries and by incentivizing new forms of regional initiatives like the Alliance of the Pacific (AP), which seeks to counterbalance MERCOSUR.¹⁸⁹

Following this line of thinking, historian Luiz Alberto Moniz Bandeira also displays a clearly autonomist position in matters of foreign policy. He emphasizes that Brazil had turned from a colonial regime to a unitary state, empire and nation, which gave it a manifest destiny of power. This perception led to the search for greater autonomy in the international system.¹⁹⁰ Moniz shows that in the 1990s, Brazil consolidated itself as the emerging industrial power that through MERCOSUR sought to unify an economic area in the South American subregion, serving as an area of Brazilian influence in order to project itself to the world as a global power. Additionally, Bandeira, similar to Pinheiro Guimarães, explains that global powers like the United States seek to weaken regional integration processes, previously through the FTAA and more recently through bilateral free trade initiatives. According to him, the objective is to limit the autonomy and multipolarity that Brazil wishes to achieve through international institutions like MERCOSUR and UNASUR.¹⁹¹

Within the position of *autonomy by diversification*, Lula's foreign policy was focused on different strategies with the purpose of developing a higher profile at the global level, such as soft balancing. Actis¹⁹² states that through soft balancing, Brazil uses international institutions (UNASUR and MERCOSUR) to restrict the influence of countries like the United States, as well as to assert Brazilian interests. This concept supports our realist vision of Brazil by affirming that regional organizations are the platform through which the state asserts its national interests and demonstrates its leadership (Actis explains that this position may be found in the WTO and the Food and Agriculture Organization, FAO).

With respect to Brazil's leadership in organizations like UNASUR, it is notable that Brazil promoted new forms of discussion between UNASUR as well as African and Arab countries. This includes the South America-Africa Summits (*Cúpula América do Sul-África, ASA*) between South America through UNASUR and Africa through the African Union (AU), and the Summits of South American-Arab Countries (*Cúpula América do Sul-Países Árabes, ASPA*) summits. These ties to other geographic regions reinforce Brazil's position of *autonomy by diversification*.

¹⁸⁹ Pinheiro Guimarães, Samuel (2012): O desafio sul-americano. Carta Maior. Brazil.

¹⁹⁰ Moniz Bandeira, Luiz Alberto (2014): Brasil, Argentina e Estados Unidos Conflito e integração na América do Sul Da Tríplice Aliança ao Mercosul. (3ª ed). Brazil, Rio de Janeiro: Editora Civilização Brasileira., p. 1695.

¹⁹¹ Moniz Bandeira, Luiz Alberto (2014): p. 1695.

¹⁹² Actis, Esteban (2014). Los tres ejes autonómicos de la política exterior de Brasil (2003-2013) Revista Conjuntura Global UFPR, Vol.3, No.1, pp. 21-27.

The Regional Bodies MERCOSUR and UNASUR

In the following section, we will focus on the regional bodies that we identify as principal platforms of Brazilian foreign policy for the consolidation of its regional leadership. The regional bodies that we refer to are MERCOSUR and UNASUR. As mentioned above, these bodies were initiated in different circumstances and consequently were endowed with different objectives and characteristics.

Importantly, this section will focus primarily on analyzing the changes in MERCOSUR's profile turning from a trade project into a political and social project. This will lead us to look at the fundamental basis for MERCOSUR's new focus and we will direct our attention to the creation of a series of bodies within MERCOSUR's structure, such as the MERCOSUR Social Institute (*Instituto Social del MERCOSUR*, ISM), the Institute of Public Policies on Human Rights (*Instituto de Políticas Públicas en derechos Humanos*, IPPDH), Parlasur, and FOCEM. Subsequently, we will analyze UNASUR - an organization whose main characteristic is that for the first time in history the 12 States of South America are all members of one organization. UNASUR also includes other elements that are relevant for our research, and that we will analyze in depth. Furthermore, UNASUR also has bodies that focus on innovative topics for South America like IIRSA-COSIPLAN and the CDS.¹⁹³

6.1 The Common Market of the South MERCOSUR

MERCOSUR has its origins in the 1980s when the military dictatorships in the South American countries ended, giving way to different processes

¹⁹³ UNASUR started its official proceedings in the year 2011, after the government of Luiz Inácio Lula da Silva was over. Nonetheless, this regional integration project was principally promoted by the Lula government.

of transition toward democracy. Those years were characterized by the search for a relationship of trust between the main countries of the region, Argentina and Brazil. The most relevant figures in this process were the Presidents of Argentina and Brazil, Raúl Alfonsín and José Sarney. Both believed that it was vital for their respective countries to build a relationship of cooperation and leave aside the tensions of previous decades. This was supposed to allow increasing foreign trade.¹⁹⁴ During this time, Brazil and Argentina signed different cooperation treaties. The most important one was the Declaration of Iguazú in 1985, which strengthened ties between both countries and was the most direct predecessor of MERCOSUR.¹⁹⁵ ¹⁹⁶ The presidents of Argentina and Brazil expressed their political will by accelerating the process of bilateral integration and seeking to stimulate the economies of both countries. In 1986, Brazil and Argentina consolidated their intentions by signing the document for Argentine-Brazilian integration, which gave way to PICE. In 1988, the Treaty for Integration, Cooperation, and Development between Argentina and Brazil was signed.¹⁹⁷ The success of this agreement, particularly in stimulating bilateral commerce, led the smaller countries of the Southern Cone - Uruguay and Paraguay - to develop interest in participating in this emerging process of commercial integration and cooperation.

There was a context of common neoliberal tendency among the majority of South American governments in the 1990s. They thought it to be necessary to apply a series of economic reforms that would allow for the reduction of the role of the state and promote trade liberalization. With the signing of the Treaty of Asunción in 1991, MERCOSUR was officially created. In the 1990s, it was characterized as a regional body that was limited to trade aspects, while the charter also proposed the creation of a common market. This process included Argentina, Brazil, Paraguay, and Uruguay.¹⁹⁸

In its first years, MERCOSUR was characterized by a focus on progressive trade liberalization, with the primary objective of establishing a common

¹⁹⁴ Altemani de Oliveira, Henrique (2005): *Política Externa Brasileira*. Brasil, São Paulo: Saraiva, p. 219.

¹⁹⁵ Gomes Saraiva, Miriam (2010b).

¹⁹⁶ Caetano, Gerardo (2011): *Breve historia del MERCOSUR en sus 20 años. Coyunturas e instituciones (1991 -2011)*. Consejo Uruguayo para las Relaciones Internacionales (CURI). Estudio No. 02/2011.

¹⁹⁷ The principal objective was to eliminate all tariff and non-tariff obstacles to the trade of goods and services in the territories of the two member states. This was to be achieved in a gradual manner, in a maximum period of ten years. In 1990, the Buenos Aires Document was signed, which proposes reducing the period to achieve a common market to 5 years. *Acta para la Integración Argentino-Brasileña 1986*.

¹⁹⁸ *Tratado de Asunción para la constitución de un Mercado Común entre la República Argentina, la República Federativa del Brasil, la República del Paraguay y la República Oriental del Uruguay, 1991. Mercado Común del Sur (MERCOSUR)*.

market in addition to the implementation of a common external tariff – which should be achieved within four years the coordination of macroeconomic and commercial policies, and coordinated policies for other sectors that were relevant for integration. Chapter II of the Treaty of Asunción establishes the organizational structure of MERCOSUR: the bodies in charge of administering and executing the terms of the Treaty of Asunción are the Common Market Council (*Consejo del Mercado Común, CMC*) and the Common Market Group (*Grupo del Mercado Común, GMC*), while the charter also provides for the creation of a Joint Parliamentary Commission.

Finally, the Treaty of Asunción prescribed that before the establishment of the Common Market in 1994, a special meeting had to be convened in order to determine the definitive institutional structure. Therefore in 1994, the member states of MERCOSUR adopted the Ouro Preto Protocol, and thus made the new regional body subject to international law and established its institutional structure. The Ouro Preto Protocol added attributes to the bodies created in 1991 and gave way to new bodies like the MERCOSUR Trade Commission (*Comisión de Comercio del MERCOSUR, CCM*), the Economic-Social Consultation Forum (*Foro Consultivo Económico-Social, FCES*), and the MERCOSUR Administrative Department (*Secretaría del MERCOSUR, SAM*).¹⁹⁹

The MERCOSUR of the 1990s was based on intergovernmental principles, backed by diplomatic negotiation mechanisms between the member states. According to Desidera Neto, the fundamental objective of giving MERCOSUR an institutional character was to endow it with instruments for administering the customs union.²⁰⁰ In this sense, both Gomes Saraiva and Caetano agree that the purely intergovernmental institutionality was owed principally to the primarily commercial profile. Despite the initial optimism, marked by MERCOSUR's growth in trade and its institutional boost, a loss of momentum and weakening of regional commitments began to become apparent, with a climate of conflict setting in and the members of MERCOSUR starting to act unilaterally. This started with a succession of international crises in Mexico (1995), Southeast Asia (1997), and Russia (1998).

Facing this situation of deterioration in the economic realm, the MERCOSUR member states sought to bolster the institutionality of regional integration through different initiatives such as the 1998 Ushuaia Protocol that confirmed democratic commitment of the member states, and the Socio-Labor Declaration in December 1998.^{201 202} Nonetheless, in January 1999, less than

¹⁹⁹ MERCOSUR (1994): *Protocolo Adicional al Tratado de Asunción sobre la Estructura Institucional –Protocolo de Ouro Preto- Ouro Preto*. Brazil 1994.

²⁰⁰ Desidera, Walter. et al. (2014): p. 34

²⁰¹ MERCOSUR's Ushuaia Democratic Protocol has precursors in the 1992 Las Leñas presidential declaration on full validity of democratic institutions. In the Ushuaia Protocol, Chile and Bolivia are added to the MERCOSUR states. It creates standards with respect to a breach of the democratic regime and eventual sanctions. The 1998 Socio-Labor Declaration indicates the member states' commitment to fulfill basic and universal rights in labor issues.

²⁰² Caetano, Gerardo (2011).

one month after the attempts to revitalize MERCOSUR, Brazil devaluated the exchange rate of its Real.²⁰³ This interrupted the trade process in the Argentina-Brazil bloc²⁰⁴ and heavily affected the countries of the region, causing great difficulties for the integration process. In addition, the international economic crises shrank the regional bloc's trade both with the rest of the world and internally. The deterioration of the economic situation first hit Argentina in 2001 and finally Uruguay in 2002, creating a profound economic, financial, and social crisis that directly affected MERCOSUR and seemed to be its end.

6.1.1 The Political and Social Elements of MERCOSUR

The year 2003 may be considered a point of inflection in the South American region, with political changes taking place that had a direct impact on regional integration and especially on MERCOSUR. In the first months of 2003, Luiz Inácio Lula da Silva was sworn in as president of Brazil while Néstor Kirchner became president of Argentina, both with a self-proclaimed left-wing and progressive political vision. These two presidents considered the commerce-based MERCOSUR an outright failure that had left society as a whole aside. They found proof in the crisis of 1999-2002. As the open and liberal regionalism of the 1990s had not provided results, Brazil and Argentina found it necessary to create a new profile for the regional integration process that prioritized the political and social without leaving trade aspects aside.

The initial kickoff for the new profile of MERCOSUR was a meeting held in Buenos Aires on October 16, 2003. This meeting gave way to the preparation of a common document or declaration by Kirchner and Lula, known as the Buenos Aires Consensus.²⁰⁵ The Buenos Aires Consensus laid the foundations for a new regional integration model. The consensus was framed within what both presidents considered the will to intensify regional and bilateral cooperation in order to ensure fundamental rights and freedoms, including the right to development, and social justice to their citizens.²⁰⁶ This document covers political, social, economic, educational, and other

²⁰³ The devaluation occurred without prior warning from Brazil to the other members of MERCOSUR. This can be viewed as a breach of the 1991 Treaty of Asunción that states in article one that the creation of a common market implies macroeconomic and sectorial coordination of exchange-rate policies.

N.N. (2012): El camino equivocado del Mercosur. El Observador, 29 March 2012.

²⁰⁴ Gomes Saraiva, Miriam (2012): p. 93.

²⁰⁵ The term consensus is clearly used in contrast to the Washington Consensus, which had been fundamental in the South American region during the 1990s.

²⁰⁶ Consenso BSAS (2003): Documento oficial del Consenso de Buenos Aires. Consenso de Buenos Aires. Argentina, Buenos Aires.

aspects that both countries commit to as the new development model. These policies were to be applied not only nationally but also to be projected on the region as a new perspective for understanding the role of the state and the regional integration model. The central points of the Buenos Aires Consensus consist of fighting poverty and inequality, unemployment, hunger, and illiteracy, which are considered a loss of autonomy and dignity for the people and limit the full exercise of their citizenship. Therefore, governments are supposed to bolster public policies that are focused on sustained growth and the equitable distribution of benefits in order to improve the quality of life of populations in critical situations.²⁰⁷

According to the document, regional integration should be bolstered where there is active participation of civil society and strengthen existing organizations. This refers to the MERCOSUR integration process. MERCOSUR is seen not only as a trade bloc but a catalyst for values, traditions and a common future that must be strengthened through functioning institutions.²⁰⁸ The vision of post-liberal regionalism we previously prescribed had a direct impact on MERCOSUR, which was reflected by the Buenos Aires Consensus. It stated that South American integration should be promoted in the interest of all and that its objective was a development model that combined social justice, economic growth, and human dignity.²⁰⁹

Both Argentina and Brazil found it necessary for MERCOSUR to acquire a greater degree of decision-making autonomy that would make it more effective in face of destabilizing movements of speculative capital or competing interests of developed countries, and allow the members to obtain a stronger position in multilateral bodies.²¹⁰ Finally, both governments were working on implementing different lines of action starting in 2004 to strengthen the process of regional integration and introduce new social and political topics.

Based on the Buenos Aires Consensus, months later on December 16 of 2003, the 2004-2006 MERCOSUR Work Program was approved by the CCM.²¹¹ This document is essential for understanding the change of profile in the organization, as it reflects the ideas of the Buenos Aires Consensus. Four different agendas can be identified (economic-commercial, social, institutional, and new integration topics). They introduce proposals that are considered necessary in order to strengthen regional integration in 2004-2006. It pays particular attention to the social and institutional aspects of MERCOSUR.²¹²

²⁰⁷ Consenso BSAS (2003).

²⁰⁸ Consenso BSAS (2003).

²⁰⁹ Consenso BSAS (2003).

²¹⁰ Consenso BSAS (2003).

²¹¹ MERCOSUR (2003): Decisión - 026/2003 Programa de Trabajo del MERCOSUR 2004-2006. Consejo del Mercado Común CMC. Uruguay, Montevideo.

²¹² MERCOSUR (2003).

In summary, we can point out the main points of the 2004-2006 MERCOSUR work program agendas. First, we can identify the economic-trade agenda, which proposes the consolidation of the customs union, treatment of the free trade zone, trade and competition defense, productive integration, structural funds, cross-border integration, export promotion, technical regulations, tax harmonization, macroeconomic coordination, regional capital markets, agricultural and biotechnology policies, business facilitation, external negotiations, and governmental purchases.²¹³ Second, the social agenda seeks to stimulate the participation of civil society, articulate social issues, promote citizen aspects of MERCOSUR through circulation of labor that favors the promotion of workers' and educational rights, and institutionalize in MERCOSUR's structure a group that is focused on human rights. Third, we can observe the proposal of promoting institution building and strengthening through Parlasur and the Permanent Review Tribunal. Finally, it includes an agenda of new topics like scientific and technological cooperation, and physical and energetic integration.²¹⁴

As Bizzozero states, this new program includes matters that previously had not been covered, such as the asymmetries in the region, the creation of structural funds (following the model of the European Union, EU), a new social agenda with a focus on political and economic aspects, the establishment of a meeting of high authorities on human rights, and the initiation of Parlasur.²¹⁵ Similarly, Perrotta believes that the successive economic and social crises of the time (1999-2002) added to the failure of open-liberal regionalism and contributed to creating the necessary conditions for the creation of a new regional development model based on productive integration, social inclusion, and citizen participation, since 2003.²¹⁶

Contrary to Bizzozero and Perrotta's positions, Sergio Abreu, former Secretary of Foreign Relations of Uruguay (1993-1995) during the first years of MERCOSUR, argues that the changes in the integration process respond to an ideological model that reacts to advances in international trade. He explains that the proposed solution lies in politicizing MERCOSUR based on political discourse and a statist nationalism that defended national companies and monopolies, while on the one hand the Pacific region entered into free-trade agreements with the U.S. (Monroe axis) and on the other hand a Bolivarian axis was created.²¹⁷

²¹³ MERCOSUR (2003).

²¹⁴ MERCOSUR (2003).

²¹⁵ Bizzozero Revelez, Lincoln (2012): El MERCOSUR y el proceso Sudamericano ante la segunda década del siglo XXI. ¿Hacia una consolidación del nuevo Regionalismo Estratégico? Si Somos Americanos. Revista de Estudios Transfronterizos, Vol. 12, No.01/2012, pp. 215-237.

²¹⁶ Perrotta, Daniela (2012b): ¿Realidades presentes - conceptos ausentes? La relación entre los niveles nacional y regional en la construcción de políticas de educación superior en el MERCOSUR Revista del Núcleo de Estudios en Investigaciones de Educación Superior del Mercosur, No.1/ 2012, pp. 4-14.

²¹⁷ Interview with Dr. Sergio Abreu on 07/06/2016.

Researching Brazilian foreign policy during the government of Luiz Inácio Lula da Silva and the platform for regional leadership offered by MERCOSUR and UNASUR, we consider the main bodies that were created based on the 2004-2006 work program and the tools of Brazil's foreign policy to be FOCEM, the ISM, the IPPDH, and the Parlasur.

Below, we will explain the duties and actions of each of these bodies. In a later and central chapter of this book, we will explain how the actors of Brazilian foreign policy directly or indirectly affected MERCOSUR's construction as a platform for Brazil's regional leadership and power through different political-diplomatic, economic-commercial, and cooperation dimensions.

6.1.2 The Structural Convergence Fund FOCEM

FOCEM was established because the member states were convinced that for regional integration it was necessary to reduce asymmetries between one another, particularly between the two smaller members Paraguay and Uruguay and the other two members Argentina and Brazil. As part of the economic-commercial agenda, the 2004-2006 MERCOSUR work program established the need to create structural funds that were designed to improve the competitiveness of the smaller members and less developed regions.²¹⁸

In 2004, based on the provisions of the work program and CMC Decision N° 27/03, MERCOSUR convened a meeting of the CMC where the participants started to prepare and analyze alternatives for tackling asymmetries within the bloc and furthering the integration process by strengthening MERCOSUR's regional institutions.

CMC Decision N° 019/04 states that the creation of a high-level group with representatives of the member states' Departments of Foreign Relations and Departments of the Economy was needed in order to identify different initiatives and programs to promote the competitiveness of smaller economies. Additionally, the CMC decided that in order to achieve these objectives, the high-level group should propose financing formulas for the implementation of the initiatives.²¹⁹ Consequently in 2004, CMC Decision N° 45/04 prescribed the creation of FOCEM, which was designed to finance programs to promote structural convergence, develop competitiveness, and promote social cohesion, especially for the smaller economies and less developed regions. The CMC requested the continuance of the working group to allow FOCEM to start operations in as little time as possible.²²⁰

²¹⁸ MERCOSUR (2003).

²¹⁹ MERCOSUR (2004a): Decisión - 019/2004 Convergencia estructural en el MERCOSUR y financiamiento del proceso de integración. Grupo del Mercado Común. Uruguay, Montevideo.

²²⁰ MERCOSUR (2004b): Decisión - 045/2004 Fondo para la Convergencia Estructural del MERCOSUR. Grupo del Mercado Común. Uruguay, Montevideo.

In 2005, CMC Decision N° 18/05 established the financing and functioning of FOCEM. In particular, it identified the fund's areas of use. The areas are divided into programs considered essential for strengthening MERCOSUR and reducing economic asymmetries. The four FOCEM programs are: 1) the Structural Convergence Program, which has the objective of contributing to development and structural adjustment in the smaller economies and less developed regions, including the improvement of communication and border integration systems.²²¹ 2) the Competitive Development Program promotes productive and labor reconversion processes that facilitate trade within MERCOSUR as well as projects that promote production chain integration and strengthen private and public institutions.²²² 3) the Social Cohesion Program finances projects that stimulate social development, particularly in border areas and matters of human health, and the reduction of poverty and unemployment.²²³ 4) the Program for the Strengthening of the Institutional Structure and Integration Process aims at improving MERCOSUR's institutional structure.

FOCEM is financed through annual contributions from the member states in the form of nonrefundable biannual payments. The percentage each state has to allocate for FOCEM is based on the historical mean of its GDP. Therefore, the largest economies of MERCOSUR allocate the largest part of the contributions. Brazil contributes 70% and Argentina pays 27% of the budget.²²⁴ The members with smaller economies clearly contribute a more modest amount, with Uruguay contributing 2% and Paraguay 1%. In monetary terms, these percentages are reflected in a total amount of US\$100 million for projects to reduce asymmetries. Brazil contributes US\$70 million, Argentina US\$27 million, Uruguay US\$2 million, and Paraguay US\$1 million. Voluntary donations by member states or third parties that are not part of MERCOSUR are also possible.²²⁵ With respect to the use of the funds, each country receives a set percentage for carrying out the projects that are presented to FOCEM. As we mentioned above, this fund is allocated to the smaller economies of MERCOSUR wherefore Paraguay and Uruguay receive the greater quantity of funds.

In the first instance, project approval is the responsibility of the MERCOSUR commission of permanent representatives, along with a group of ad hoc

²²¹ MERCOSUR (2005d): Decisión - 018/2005 Integración y Funcionamiento del Fondo para la Convergencia Estructural y fortalecimiento de la estructura institucional del MERCOSUR. Grupo del Mercado Común. Uruguay, Montevideo.

²²² MERCOSUR (2005d):

²²³ MERCOSUR (2005d):

²²⁴ MERCOSUR (2005e): Integración y Funcionamiento del Fondo para la Convergencia Estructural.

²²⁵ MERCOSUR (2005e): Integración y Funcionamiento del Fondo para la Convergencia Estructural.

experts that evaluate the project presented by a member state. Next, the proposal is sent to the CMC, which takes the final decision. However, this step was modified, when a regional structure with a FOCEM administration council and regional technical unit were established and national technical offices were added.²²⁶ FOCEM started its work in 2006, with half of the funds budgeted. In the following years it effectively received the entirety from each MERCOSUR member state.

The projects financed by FOCEM cover multiple areas that are relevant for increasing the competitiveness of smaller economies, improving infrastructure, sanitary conditions, and social-educational aspects. Among the main projects financed by FOCEM, we can identify projects of a plurinational, institutional nature and others allocated specifically to a member state. Regional projects include initiatives like the action program MERCOSUR Free of Foot-and-Mouth Disease (2007) and the program for Research, Education, and Biotechnologies Applied to Health (2011). Institutional projects seek to strengthen MERCOSUR as an institution and improve the Common External Tariff Information System (2007) as well as and the MERCOSUR jurisprudence database (2007).

Of those projects that are allocated to specific member states, the majority is located in Paraguay and Uruguay. These projects cover all programs: structural convergence, development of competitiveness, and social cohesion. In both countries, projects have been carried out like the construction and rehabilitation of highways, tap-water purification (Aceguá), development of tourism projects, housing solutions, railroad rehabilitation, and projects in the educational-cultural sector. Among these projects we can point out one in particular: the 500kV Itaipú-Villa Hayes electrical transmission line in Paraguay, which received an amount of US\$555 million from the FOCEM funds and a voluntary contribution by the government of Brazil of US\$300 million. This project allowed Paraguay to increase consumption of its energy quota from the Itaipú Reservoir for the first time in history.

In the context of deepening regional integration, the creation of FOCEM is considered a necessary step for decreasing the disparities between the regional members, as infrastructural issues in the member states were seen as an obstacle to the flow of production factors and competitiveness in the face of international competitors.²²⁷

We consider FOCEM a solidarity-based attempt to democratize and stimulate trust between the member states of the trading bloc, by reducing the asymmetries that limit the integration process. Similarly, Álvarez upholds

²²⁶ MERCOSUR (2005b): Decisión N 24/05 Reglamento para el FOCEM Grupo del Mercado Común. Uruguay, Montevideo.

²²⁷ De Mello, André (2010): Integrando desiguais - Assimetrias estruturais e políticas de integração no MERCOSUL. Texto para discussão IPEA, No. 147. Brasil, Rio de Janeiro: IPEA.

that FOCEM is a clear example of SSC that seeks to stimulate development and provide integration through programs that adopt technical and financial cooperation. Despite the intentions to end asymmetries, the budget was reduced to effectively respond to some MERCOSUR issues.²²⁸

6.1.3 The MERCOSUR Parliament *Parlasur*

The MERCOSUR Parliament has its origin in the parliamentary commission created in the Treaty of Asunción and modified in the Ouro Preto Protocol. In its first years up to 2003, it was characterized by indirect election since its members were designated by the respective national parliaments and its role was to act as a nexus between MERCOSUR (CMC and GMC) and the national parliaments to harmonize standards. As we indicated above, the political changes that took place in the South American region starting in 2003 were reflected in the Buenos Aires Consensus and the 2004-2006 MERCOSUR work program that sought to give greater momentum to regional integration through a new political and social profile.

The creation of *Parlasur* took place within this context. Malamud explains that the new governments from 2003 onwards considered MERCOSUR as a purely commercial entity up that was opaque, intransparent and distant from the citizens. Thus they decided that the creation of a parliament would give MERCOSUR democratic legitimacy.²²⁹ CMC Decision N° 49 /04 was approved in Belo Horizonte and laid the foundations for the creation of a MERCOSUR parliament, taking into account the intention of deepening the integration process. The parliamentary commission was decided to jointly lead the preparation of a project for a Parliamentary Formation Protocol. In 2005, the Parliamentary Commission, along with the member states, presented the MERCOSUR Parliamentary Formation Protocol. The protocol established that in order to strengthen the integration process, it was necessary to create a framework that allowed preparing standards which guaranteed MERCOSUR's legal security and predictability.

The formation of a parliament is fundamental for achieving the objectives of deepening regional integration with a new character where greater social participation is considered crucial. The new parliament substitutes the MERCOSUR Parliamentary Commission, its structure is unicameral and

²²⁸ Alvarez, María Victoria (2014): La Cooperación Sur-Sur en el MERCOSUR. Luces y sombras del Fondo de Convergencia Estructural (FOCEM). In: Lechini, Gladys. La cooperación sur-sur en las políticas exteriores de Argentina y Brasil en el siglo XXI. - 1a ed. Rosario, Argentina. UNR Editora. Editorial de la Universidad Nacional de Rosario, pp. 74-85.

²²⁹ Malamud, Andrés and Castro, Pablo (2007): Are regional blocs leading from nation States to global governance? A skeptical view from Latin America. Nordic Journal of Latin American and Caribbean Studies, Vol. 37, No. 1, pp. 115-134.

its members are elected directly by the citizens of the member states. This is established in the protocol called "*Day of Citizen MERCOSUR*", intended for the simultaneous election of parliaments in all MERCOSUR member states.²³⁰ The parliament protocol establishes that its functions include the supervision of compliance with standards and the preservation of democracy and human rights in the region. Additionally, the parliament proposes projects for regulations to the CMC and, when considered appropriate, requests reports from MERCOSUR's decision-making and consultative bodies. Finally, the parliaments may issue recommendations on questions related to the integration process.

In 2007, the inaugural session of *Parlasur* took place in Montevideo, where the MERCOSUR parliament is situated. During this session, the parliamentary representatives were sworn into their positions. The parliament regulations allow to establish political groups according to political affinity and creating parliamentary commissions specializing in different areas like education, economics, legal issues, human rights, security, social security, infrastructure, among other topics.²³¹

In 2009, the Secretaries of Foreign Relations of the MERCOSUR members signed a political agreement that defined parliamentary representation once the first transition stage was over. The agreement is based on the principle of mitigated proportionality, taking into consideration the represented population of each state. This determined that in the second transition stage, the parliamentary seats would be assigned as follows: 26 seats for Argentina, 37 seats for Brazil, 18 seats for Paraguay, and 18 seats for Uruguay.²³² Finally, the agreement established that once the member states complied with the process of direct elections, the seats would be assigned forming the following parliamentary composition: 43 seats for Argentina 43, 75 seats for Brazil, 18 seats for Paraguay, and 18 seats for Uruguay.²³³

With respect to the election of national representatives, it should be highlighted that both Argentina and Paraguay held elections (in 2015 and 2008, respectively) to designate their MERCOSUR members, while Brazil did not. The lack of political will in the northern giant demonstrates that the low institutionality of *Parlasur* is useful for Brazil's interests. In turn, this is directly related to our realist vision of Brazil to the degree that Brazil is not willing to strengthen a supranational legislative body like *Parlasur* that could limit or be in conflict with its own sovereign and national legislative power.

²³⁰ PARLASUR (2005): Protocolo Constitutivo del Parlamento del MERCOSUR. Parlamento del Sur. Uruguay, Montevideo.

²³¹ PARLASUR (2007): Reglamento interno PARLASUR. Parlamento del Sur. Uruguay, Montevideo.

²³² PARLASUR (2009): Acuerdo Político para la consolidación del MERCOSUR. Secretaría Parlamentaria, Parlamento del SUR. Paraguay, Asunción.

²³³ PARLASUR (2009).

6.1.4 The Social Institute ISM and the Institute of Public Policies on Human Rights IPPDH

The ISM has its origin in the search to consolidate social aspects of the regional integration process. After the crisis at the turn of the millennium, the 2004-2006 work program reaffirmed the need to establish a social dimension of MERCOSUR. The main motivation laid in the fact that in the first decade of existence, MERCOSUR had a commerce-based character that mainly took factors and indicators of economic and commercial growth into account, until the crises at the turn of the millennium resulted in a decrease of intraregional trade, dissipated growth perspectives and lead to growing levels of inequality and poverty.²³⁴

In 2006, the CMC decided to endow the permanent representatives of MERCOSUR with the task of preparing a proposal that included a new initiative for the integration process, creating the ISM. In the same year, the declaration of principles for a social MERCOSUR was issued. It established the central role of the state in designing social policies and stated that the regional integration process should inevitably combine economic and social aspects. In 2007, its creation was confirmed through CMC Decision N° 03/07 that established as the main objectives the strengthening of the new social dimension as a fundamental axis in MERCOSUR's development. The ISM seeks to promote inclusive human development including equity and equality, and overcome economic asymmetries. Therefore, the ISM was created as a technical body with the ability to support MERCOSUR members by designing social policies of a regional nature. The ISM is also endowed with the collection of regional social indicators.

The creation of the IPPDH was facilitated by an emerging understanding that the correct evolution of the integration process required respect for human rights and democratic institutions. In order to achieve this, the members were expected to cooperate through the institutional mechanisms established under MERCOSUR.

In 2009, CMC Decision N° 14/09 established the IPPDH, taking into account the propositions of the Asunción Protocol that specify the need to establish institutional mechanisms within MERCOSUR in order to coordinate the preparation and design of common public policies on matters of human rights. The IPPDH's principal duty lies in carrying out or promoting research, training, and consulting for the formulation of regional public policies.

²³⁴ Adel Mirza, Christian. et. al. (2012): La dimensión social del MERCOSUR: Marco conceptual. Asunción, Paraguay: Tekoha, p. 23.

6.2 The Union of South American Nations UNASUR

In this section of our book, we will analyze the creation of UNASUR, a regional organization that, as we have explained above, is the product of the post-neoliberal period since political elements prevail over economic and commercial interests. UNASUR is not alien to this; rather its structure, tasks, and duties aim at aspects of political and social integration. This can be observed in its twelve ministerial councils, of which only one corresponds to economic matters (The South American Council of Economy and Finances).²³⁵

The organization also presents a characteristic that is inherent to the integration processes in South America: low institutionalization, as states appear to act with a high level of reluctance when establishing supranational bodies. Seemingly, the states have not acquired enough maturity and political will to delegate decisions that may affect their sovereignty and autonomy to supranational bodies. Kaspar shares this vision by stating that "UNASUR has not developed any sign of supranational body [...] in none of the organs can be observed delegation of power or even pooling. Voting system in Summits of Head of the States does not use qualified majority voting or other types of consensus building but instead unanimous voting."²³⁶ By establishing the unanimous vote as a mechanism for approving resolutions, the disagreement for one state is sufficient for the resolution to be rejected. Those aspects reflect the realist view that the weight of states prevails over supranational structures.

The realist view can also be observed in the organization's hierarchy: the principal decision-making bodies are under the direct dominion of the states through the Heads of State, the Secretaries of Foreign Relations and the Council of Delegates. Finally, the Secretary General of UNASUR has no decision-making bodies that are independent of the willingness of states: important decisions lie in the responsibility of the member states. For Sabatini, UNASUR "[...] has failed to produce any legal, normative basis or institutional structure [...]. Without those diplomatic necessities, UNASUR risks becoming just a roving series of summits and high-minded declarations, with little capacity to follow through on them on the ground."²³⁷

From a political point of view, the formation of UNASUR implied leaving North America (principally the United States) and Central America (principally Mexico) aside and developing a space of dialogue exclusively for

²³⁵ Some of the other eleven Councils are the culture, education, social development, health, and electoral councils.

²³⁶ Kaspar, Petr (2011): The Logic of USAN. Denmark: Aalborg University.

²³⁷ Banerjee, Stuti and Pandey, Aparajita (2016): Special Report on USAN. Indian Council of World Affairs.

South America. The intention was to formulate South America's own security, defense, and diplomatic intervention policies without the mediation of the former. Argentina's decline after the 2001-2002 financial crisis and the integration of Mexico into NAFTA with the United States and Canada left space for Brazil to emerge as a regional leader, especially after the rise of Lula da Silva.

Brazil was the great promoter of projects that facilitated the creation of UNASUR. In 1993, the Brazilian government under President Itamar Franco proposed the creation of a South American free trade zone. However, the idea did not prosper and negotiations were very slow. Therefore, the government under Fernando Henrique Cardoso decided to accelerate the integration process at the First South American Summit that was held in Brasilia on August 31 and September 1, 2000. During that summit, Surinam and Guyana joined the Brazilian project and created the IIRSA. Its central objective included the modernization of regional infrastructure as well as the promotion of integration and economic and social development.²³⁸

On July 26 and 27, 2002, the Second South American Summit took place in Guayaquil where the leaders agreed on the so-called Guayaquil consensus.²³⁹

The Guayaquil consensus calls for coordination and cooperation for the creation of a common South American space.²⁴⁰ The document declares South America a zone of peace, as it states that peace, security, and cooperation should be supported through commitments that strengthen trust, development and the well-being of the region and its peoples, and calls for permanent collaboration on matters of defense and security.²⁴¹

The Third South American Summit took place in Cuzco on December 8 and 9, 2004. During the summit, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay, and Venezuela signed the Cuzco Declaration, which established the South American Community of Nations (*Comunidad Sudamericana de Naciones*, CASA or CSN), the closest predecessor to UNASUR.

The Fourth South American Summit was held in Brasilia on September 30, 2005. Here, the Brasilia Declarations on Convergence of South American Integration Processes and on Infrastructure Integration were adopted. In the Heads of State and Government Summit in Cochabamba (December 8 and 9, 2006), the attending states adopted a declaration that reflected their consensus on principles and objectives in carrying out and deepening the integration process. The institutionality of the new community was also defined. They also highlighted the need to act with a single voice both in political and economic

²³⁸ IIRSA (n.d.a): Antecedentes. Iniciativa para la Integración de la Infraestructura Regional Sur-americana (IIRSA).

²³⁹ IADB (2010): Consenso de Guayaquil 2002. Inter-American Development Bank (IADB).

²⁴⁰ Declaración sobre Zona de Paz Sudamericana 2002. Comunidad Andina (CAN).

²⁴¹ Declaración sobre Zona de Paz Sudamericana 2002. Comunidad Andina (CAN).

forums.²⁴² In the first South American Energy Summit on Isla Margarita on April 17, 2007, CASA officially changed its name to UNASUR. On May 23, 2008, the UNASUR Constituting Treaty was signed in Brasilia.

6.2.1 The South American Defense Council CDS

In later years, the CDS was created. This body is in charge of regional cooperation on matters of defense and security. The CDS was first designed by Argentina in the 1990s. However, at that moment it did not have the support of Brazil. In 2003, another antecedent was formed when former Venezuelan president Hugo Chavez proposed the creation of a South Atlantic Treaty Organization (SATO) as a South American version of the North Atlantic Treaty Organization (NATO), with the objective of organizing joint action between the countries of the region in the face of threats from external aggressors.²⁴³

In March 2008, Brazil again demonstrated its thirst for leadership, underlining the ambition to strengthen the relationship between countries on the subcontinent for matters of defense as the Brazilian president Luiz Inácio Lula Da Silva proposed to finally establish the CDS. The Brazilian Secretary of Defense Nelson Jobim personally interviewed the other Secretaries of Defense with the primary objective of obtaining approval for the creation of this body on the same day that the organization's constituting treaty was signed, and creating a work group that would be in charge of designing a proposal for the statutes.²⁴⁴

The creation process of the CDS was defined by two stages. The first began at the Costa do Sauipe Summit (Brazil) in December 2008, where the statutes for the creation of the CDS were approved although the process was delayed by proposals from Colombia and Uruguay. The second stage took place after the negotiations that were carried out by Brazil. Three months later, in March 2009, the CDS was put into action in Santiago de Chile with the intention of consolidating South America as a Peace Zone and creating a South American identity in the defense area.²⁴⁵ Initially, the creation of the CDS encountered various obstacles as it was difficult to achieve agreement on the structure of the CDS. Furthermore, there was no clear idea of its objectives and principles. In this situation, the representatives of the Departments of Foreign Relations and Departments of Defense formed a

²⁴² Repartidos. Parlamento República Oriental de Uruguay.

²⁴³ López, Jaime (2008): Chávez se reúne con Lula para tratar la creación de una 'OTAN' en Sudamérica. *El Mundo*, España, 27 March 2008.

²⁴⁴ Lechini, Gladys and Giaccaglia, Clarisa (2010): El ascenso de Brasil en tiempos de Lula ¿Líder regional o jugador global? *Problemas del desarrollo*, Vol. 41, No. 163, pp.53-73.

²⁴⁵ Verdes, Francisco (n.d.): El "Regionalismo Posliberal y la (in)seguridad: La respuesta del ALBA y USAN. Universidad Complutense de Madrid.

working group. This group met four times in Santiago de Chile and during its last meeting a statutes proposal was created. On December 16, 2008, the statutes were approved by the Heads of State in a special meeting in Salvador de Bahía.²⁴⁶

The majority of the representatives of the Departments of Defense and Departments of Foreign Relations agreed that the CDS would be a simple body for consultation, coordination and cooperation²⁴⁷ The CDS as such can also be seen as part of the so-called “cooperative security schemes.” According to Michelena, cooperative security is based on the principle of the prevention of war by hindering the development of instruments and means for aggression. He explains that this promotes measures for threat-avoidance, makes counter-preparation measures in a context of balance of power unnecessary, and hinders preparation for aggression.²⁴⁸

6.2.2 The Center for Strategic Defense Studies CEED

The Center for Strategic Defense Studies (*Centro de Estudios Estratégicos de Defensa*, CEED) was created in 2009 and established in 2011 in Buenos Aires at the Casa Patria Grande under Néstor Kirchner. Its principal objectives and duties include the generation of strategic thinking at the regional level that contributes to coordination and harmonization in South American Defense policies.²⁴⁹ Thus, the CEED is in charge of one of the main purposes of the CDS, which is to create a common vision in matters of defense and articulate a joint vision through regionally harmonized positions in multilateral forums. The CEED functions as a center for studies and research on topics that are related to regional defense and security. A fundamental part of its research lies in exchanges with the national strategic study centers of each UNASUR member country, which are usually tied to the armed forces.²⁵⁰ The purpose of the CEED’s research is to create, for the first time in the history of the South American region, a common understanding that allows collaboration and mutual trust between the different armed forces. Among the published studies, we can point out a series of reports titled: *South American Registry of Defense Expenses, Fostering Trust, Gender Politics, Military and Defense Inventory, and Natural Resources*.

²⁴⁶ Comini, Nicolás (2010): El rol del Consejo de Defensa de la UNASUR en los últimos conflictos regionales. Nueva Sociedad, No. 230/2010, pp. 14-22.

²⁴⁷ Comini, Nicolás (2010).

²⁴⁸ Michelena, Alfredo (1995): Hacia una nueva visión de la seguridad en el continente americano: del temor a la confianza. Revista Fuerzas Armadas y Sociedad, Vol. 10, No. 3.

²⁴⁹ CEED (n.d.): Misión, Funciones y Objetivos. Centro de Estudios Estratégicos de Defensa (CEED).

²⁵⁰ CEED (n.d.).

6.2.3 The Initiative for South American Regional Infrastructure Integration IIRSA and the South American Council of Infrastructure and Planning COSIPLAN

Within UNASUR, integration projects also concern the region’s infrastructure with the objective of reducing distances between the member countries. The South American continent has enormous dimensions and historically suffers from a lack of physical routes that are suited for transporting goods and services. Therefore, IIRSA was initiated during the First South American Presidential Summit, to which former Brazilian president Fernando Henrique Cardoso had invited and that took place on August 30 and September 1, 2000 in Brasilia.

Similar to the CDS, the initiative for the project came from Brazil. In this case, the project was initiated by the Cardoso government, but the Lula administration continued the project. IIRSA was later substituted by COSIPLAN whose mission was a political and strategic debate for the planning and implementation of infrastructure integration that was in line with economic, social and environmental development. COSIPLAN consists of the Ministries of Planning and Infrastructure (or their equivalents) from the UNASUR member states.²⁵¹

Specifically, COSIPLAN was established during the Third Meeting of UNASUR Heads of State in Quito on January 28, 2009. Its larger objective is similar to that of the IIRSA: promoting the connectedness of the region through infrastructure networks and physical integration.²⁵²

It is interesting to highlight, that of the projects that were financed by COSIPLAN until July 2016, Brazil received almost 50% of total financing (some USD \$13 billion) in directly. Taking into account that 80% of the total projects are concentrated in three regions (Amazon, the Brazil-Peru-Bolivia corridor and MERCOSUR-Chile), Brazil benefits more than the other member countries. Clearly, Brazil’s geographic dimensions call for a position as main beneficiary (Brazil shares borders with all UNASUR members except for Chile and Ecuador). COSIPLAN uses financing from different financial bodies like the IADB, the Development Bank of Latin America (*Corporación Andina de Fomento*, CAF), and the Financing Fund for the Development of the Del Plata Basin (*Fondo Financiero para el Desarrollo de la Cuenca del Plata*, FONPLATA).²⁵³ The origin of financial funds is regional and does not make use of institutions with the United States as a contributor (e.g. the Bretton Woods institutions).

²⁵¹ IIRSA (n.d.b): COSIPLAN – Misión. Iniciativa para la Integración de la Infraestructura Regional Suramericana (IIRSA).

²⁵² IIRSA (n.d.b).

²⁵³ IIRSA (n.d.b).



CHAPTER 7

Brazilian Foreign Policy: Actors and Dimensions

In the previous chapters, we have analyzed how the different concepts of regional integration (open and post-liberal) and the epistemological debate in Itamaraty (pragmatic institutionalists and autonomists) molded the creation and modifications of the regional bodies MERCOSUR and UNASUR. The following section of the case study will be dedicated to understanding the principal actors in Brazilian foreign policy and their actions with respect to regional bodies in the 2003-2011 timeframe.

First, we will analyze the international-regional and national context, since these are vital and decisively influence the foreign policy of any state. In combination with our analysis in the previous sections, this will allow us to point out the principal axes of Brazilian foreign policy. As we mentioned above, foreign policy uses different instruments that fall within dimensions of action. These are the political-diplomatic and economic-commercial dimension, or other more contemporary ones like the cooperation dimension.

Our analysis will emphasize the political-diplomatic dimension that includes 1) the former President of Brazil, Luiz Inácio Lula da Silva, 2) the Department of Foreign Relations and its Secretary Celso Amorim, and 3) the Workers' Party with political figures like Marco Aurélio Garcia. Our analysis of the economic-commercial dimension will focus on the actions of the BNDES, among other agencies like the Brazilian Agency for Export and Investment Promotion that were decisive for the internationalization of large Brazilian companies in the context of MERCOSUR and UNASUR. Regarding the international cooperation dimension, in particular SSC, we will analyze the role of the ABC.

7.1 Context

7.1.1 International and Regional Context

The international situation in 2003 when Luiz Inácio Lula da Silva was sworn in as president of Brazil was characterized by big political and economic changes that had a global impact. Principally, we can highlight a change in U.S. foreign policy toward the Middle East as a result of the 09/11 attacks, pushing Latin America further to the background. The United States as the world's economic and military superpower imposed its international agenda through the unilateral nature of its actions. One example is the Iraq intervention in 2003 and the global fight against terrorism. In the realm of international commerce, the Doha round of the WTO started which was fundamental for Brazil's economic and commercial interests as it dealt with topics related to agricultural subsidies.

The unilateral attitudes of the U.S. and the 2008 economic collapse in the developed world laid the basis for the subsequent consolidation of a multipolar world with multiple relevant actors. These new actors included states with emerging economies (China, Brazil, Russia, India, Turkey, South Africa, and Mexico, among others). Among those, the greatest impact was the emergence of China in international trade.²⁵⁴ The role of the Asian giant was substantial on a new stage where its outstanding demand for raw materials created a boom in international commodities prices, which strongly influenced products like soy or petroleum. This was fundamental in the search for a multipolar world as it created the possibilities for more states to increase participation in the creation of a less asymmetrical world, and overcome the limitations of unilateralism and disadvantageous rules for the developing world.^{255 256}

In the 1990s, the majority of South American countries had been guided by neoliberal principles that reduced the role of the state in the economy and stimulated free trade. This provided a great boost to regional integration in trade aspects, including MERCOSUR and initiatives like the FTAA.

This aspect fueled great regional and worldwide enthusiasm that was principally based on increasing regional trade, strengthened democracy and in particular a cooperative relationship between the two giants of the region, Argentina and

²⁵⁴ Mercadante, Aloizio (2010): *Brasil - A Construção Retomada*. Brasil, São Paulo: Terceiro Nome.

²⁵⁵ Vigevani, Tullo and Ramazini, Haroldo (2009): *Brasil en el centro de la integración. Los cambios internacionales y su influencia en la percepción brasileña de la integración*. Nueva Sociedad, No 219/2009.

²⁵⁶ Gomes Saraiva, Miriam (2010b).

Brazil. Nonetheless, different international crises (Russia and Asia) at the end of the 1990s had a negative impact on the region, triggering the devaluation of the Real in 1999 as well as an enormous crisis and instability in Argentina in 2001 and in Uruguay 2002.²⁵⁷ In 2003, when Lula was sworn in as president of Brazil, the situation in the region was defined by a deep economic, social, and political crisis. MERCOSUR, the principal process of regional integration, was in a critical situation due to the breach of commitments with respect to macroeconomic coordination, and the unilateral measures that ended the period that was known as open regionalism.

In the midst of this discouraging situation, a change took place when in many South American countries, governments of a self-proclaimed progressivism and left-wing spectrum rose to power²⁵⁸: Hugo Chavez in Venezuela in 1999, Lula da Silva in Brazil and Néstor Kirchner in Argentina in 2003, Cristina Fernández in 2007, Tabaré Vázquez in Uruguay in 2005 and later José Mujica in 2010, Evo Morales in Bolivia in 2006, Michelle Bachelet in Chile in 2006, Rafael Correa in Ecuador in 2007, and Fernando Lugo in Paraguay in 2008. The harmony in political matters between the various presidents of South America was crucial for Brazilian foreign policy, inducing a new focus on regional integration and its projection in the world.

7.1.2 National Context

In 2003, Brazil overcame the economic crisis that had affected the region from the end of the previous decade onwards. Unlike the rest of the region, Brazil had not been affected as strongly. After four failed attempts and a consequent moderation of his position, Lula, was able to win the Brazilian presidential elections in 2002 and was reelected in 2006. In his inauguration speech, Lula pointed out that the Brazilian people elected him as President in order to change things and give back dignity to the people, strengthen their self-esteem, and spend the money needed to improve the living conditions for all those who needed the support of the Brazilian state.²⁵⁹

Vizentini points out that the Lula government confronted a difficult political situation because it did not have a majority in the Parliament as Lula had not been able to win in key regions, which obligated him to seek an ample pact with other political parties.²⁶⁰ We see this as a demonstration of the

²⁵⁷ Vigevani, Tullo and Ramazini, Haroldo (2009).

²⁵⁸ It is necessary to clarify that, in spite of there being a great harmony, we could consider presidents like Michelle Bachelet or Tabaré Vázquez as moderates in their positions with respect to other presidents like Hugo Chavez or Evo Morales.

²⁵⁹ Pronunciamento do Presidente da República, Luiz Inácio Lula da Silva, na sessão solene de posse no Congresso Nacional Brasília – DF, 01 January 2003.

²⁶⁰ Vizentini, Paulo (2005.): *De FHC a Lula Uma década de política externa (1995-2005)*. Civitas – Revistas de Ciências Sociais, Vol. 5, No. 2, pp. 381-397.

consolidation of democracy in Brazil as the political left represented by the Worker's Party won the elections for the first time. Lula's two terms as President were characterized by a distribution of income and social inclusion programs like *Bolsa Familia* or *Fome Zero*, however without renouncing public-expenditure discipline and inflation control by means of orthodox macroeconomic policies which represented continuity with the two principal economic guidelines of Fernando Henrique Cardoso.

7.2 The Axes of Foreign Policy 2003-2011

Brazilian foreign policy in 2003-2011 included a set of aspects based on two fundamental axes. These axes or interests of a country in its international actions must be taken into account when reviewing the internal needs and the external possibilities of each country. That is why the international, regional, and national context was decisive for foreign policy during the Lula administration. Lula indicated in his inauguration speech that Brazilian foreign policy also reflected the search for change that had been witnessed in the streets. He promised that Brazilian diplomatic action under his administration would include a humanist perspective and seek domestic development.²⁶¹

Brazilian foreign policy in 2003-2011 is often described as being *active* and *proud*. Brazil's axes of action were guided by these two concepts that showed an intention of being protagonists on the international stage. Former Secretary of Foreign Relations Celso Amorim indicated that the principal characteristic of these years was a change of attitude compared to previous times, when Brazil might not have taken action and stood up for its positions for fear of offending or displeasing the great powers.²⁶²

The proud style in Brazil's external actions refers to the growing conviction that national interests should be defended despite external pressure. For example, unfavorable agreements would not be signed just because the U.S. proposed them. Instead, Brazil should resist pressure, reject unfavorable deals, and unfearfully condemn actions of others that it did not agree with.²⁶³ As Amorim points out, in order for Brazilian foreign policy to have any impact on the international system, it was not only necessary to have strong positions but also to start initiatives.²⁶⁴

There is a historical continuity in the main axes of autonomy, universalism,

²⁶¹ Pronunciamento do Presidente da República, Luiz Inácio Lula da Silva, na sessão solene de posse no Congresso Nacional Brasília – DF, 01 January 2003.

²⁶² Interview with Celso Amorim on 07/08/2016.

²⁶³ Interview with Celso Amorim on 07/08/2016.

²⁶⁴ Interview with Celso Amorim on 07/08/2016.

multipolarity, and multilateralism. Nevertheless, the strategies for action in the international system did change. Vigevani explains that the goals of foreign policy were not altered in a significant manner. With respect to previous governments, Lula maintained the great objective that was always pursued: economic development while preserving political autonomy.²⁶⁵ The changes in foreign policy during the Lula administration concern the emphasis on the international form of insertion: the aim was to pursue *autonomy through diversification* in order to avoid relationships of subordination with the hegemonic countries of the global order. The autonomist current fundamentally influenced the axes of foreign policy in the 2003-2011 timeframe as it supported an independent and more active position for Brazil on the international stage.

During this time, Brazil sought to emphasize what it considered the injustices of the international system, such as large agricultural subsidies that closed access to U.S. and E.U. markets and the lack of democracy in bodies like the United Nations Security Council or the negotiation rounds of the WTO. Thus, Brazil understood universalism to be crucial, including the ability to maintain relationships with any state regardless of its political or economic regime, or geographic distance. Gomes Saraiva argues that universalism is independence in behavior with respect to the great powers and that this is associated with Brazil's intentions of becoming a global player. Autonomy plays a fundamental role in allowing Brazil a margin for maneuver in its relationships with other states.²⁶⁶

The international scenario in the first decade of the 20th century was ideal for countries like Brazil that possessed the necessary characteristics or potential to project itself in the world and become a relevant actor. Based on this, Brazilian foreign policy sought to privilege relationships with other emerging countries. In his speech at the opening session of Congress in 2003, Lula pointed out that it was necessary to promote multipolarity in the international realm and democratize international relations.²⁶⁷

Moreover, the importance of the relationship with the United States and Europe as relevant partners was recognized, but at the same time Brazil identified the need to assume a more active role in order to change those aspects of international relations it considered unjust. In order to achieve that capacity, Brazil needed other developing countries like China, Russia, India, and South Africa. Multipolarity was a distinctive element of the new international scenario, with the spectacular emergence of China and of other so-called emerging economies, which created opportunities to redefine international rules. Brazil took this as an opportunity to establish itself as a

²⁶⁵ Vigevani, Tullo and Cepaluni, Gabriel (2007).

²⁶⁶ Gomes Saraiva, Miriam (2010a).

²⁶⁷ Mercadante, Aloizio (2010): p. 203.

nexus between the developed nations and the developing south. The axes of foreign policy were reflected in its greater action and initiative during that time. As Amorim explains, this change was reflected in the creation of the BRICS, the IBSA Dialogue Forum (India, Brazil, and South Africa), G20 trade, the policy towards Africa, and certain stances on the Middle East, while new options were taken into consideration although they might have seemed detrimental to the interests of the great powers.²⁶⁸ A crucial part of Brazil's closer relationships to these countries were SSC and international solidarity to contribute to the reduction of inequalities in the international system and contribute to Brazil's global influence.

South America did not escape the foreign policy axes that were predominant during the Lula administration as regional integration was one of the highest priorities. As we will see below, the foreign-policy actors took action through different political-diplomatic, economic-commercial, and cooperation dimensions, attaining a more active role in the region.

7.3 Political-Diplomatic Actors and Dimensions

It is necessary to analyze the actors of Brazilian foreign policy from a political-diplomatic dimension because during this period, multiple actors were part of Brazil's international role and especially its role on the South American continent through regional bodies.²⁶⁹

7.3.1 Luiz Inácio Lula da Silva

During his term as president, Lula established a true presidential or summit-based diplomacy which was considered to be a direct style of negotiation between presidents whenever transcendental decisions were needed or conflicts had to be dealt with. It is important to point out that presidential diplomacy in a certain form was introduced by Fernando Henrique Cardoso. Nonetheless, as Burges explains, it was Lula who brought it to a level that was characterized by new goals and ambitions. "Procedures and policy-making processes shifted, too, moving important aspects of the policy-making process away from the professional diplomats in the Itamaraty Palace [...]."²⁷⁰ During that time, Lula traveled more than any other president in the history

²⁶⁸ Interview with Celso Amorim on 07/08/2016.

²⁶⁹ Our analysis will be supported by speeches and official documents from Brazilian authorities. We will also consider a series of in-depth interviews we conducted with some relevant actors of Brazilian foreign policy during the Luiz Inácio Lula da Silva government.

²⁷⁰ Burges, Sean (2010): The Possibilities and Perils of Presidential Diplomacy: Lessons from the Lula years in Brazil. In: Rolland, Denis and Lessa, Antonio. Relations Internationales Du Brésil : Les Chemins De La Puissance. France, Paris: L'Harmattan.

of Brazil. During his eight years in office, according to estimations, he lived more than one year outside of the country due to his combined trips. He particularly travelled South America, making eighty-nine trips to the region, with Argentina being the most frequented with nineteen visits. President Lula's leadership, in addition to his good relationship and harmony with other presidents in the region, allowed the political dimension to be used as a platform for Brazil's establishment and consolidation as a regional leader.

Lula's profile coincides greatly with what Ikenberry states about situational leadership, which is derived from the ability of an individual who, because of their character or personality, is able to exploit advantageous situations for their country. Lula, as we can observe, was the kind of leader who sought to mold the international political order in favor of his country. We can reinforce this last point with the opinion of Burges, who explains that Lula "[...] repeatedly and forcefully used his presidential pulpit and global popularity to argue for poverty reduction changes in global governance systems [...] [and] to address specific challenges, particularly on a regional basis [...]."²⁷¹

About a G8 meeting that Brazil was invited to in France in 2003, Lula later said that he had been the only one in the room who was different, insofar as he was the only one who had worked in manufacturing for 27 years and participated in syndical movements – an experience he wanted to tell the others about.²⁷² This was extremely important for Brazil's international actions and Lula emphasized it in a speech he gave at that summit, in which he highlighted that poverty affects millions of people in South America, Asia, and Africa. This situation would force developing countries to build a global alliance against poverty and inequality that allowed incorporating developing countries into the global economy and putting an end to the discriminatory practices that were applied by rich countries.²⁷³ In his speech to Congress in 2003, the Brazilian president stated that his country could and would take a true leap in quality. He affirmed that Brazil was the country of the new millennium and justified this statement with the fact that its agricultural power was combined with an important urban and industrial structure, including tremendous biodiversity and natural resources.²⁷⁴

In previous sections, we introduced Celso Amorim's vision about the limitations of the Brazilian governments when acting on the international stage, due to fears of bothering the great powers. Following this line

²⁷¹ Burges, Sean (2010).

²⁷² Sader, Emir (2013): 10 anos de governos pos neoliberais no Brasil: Lula e Dilma. Brasil, São Paulo: Boitempo Editorial, p. 22.

²⁷³ Sader, Emir (2013): p. 22.

²⁷⁴ FUNAG (n.d.): Discursos Selecionados do Presidente Luiz Inácio Lula da Silva. Brasil, Brasília: Fundação Alexandre de Gusmão.

of thought, Lula stated that all South-American countries saw Brazil as the natural leader, whereas Brazil had not seen and wanted that role. He urged that Brazil should finally assume its greatness.²⁷⁵ This clearly shows the interest of the Brazilian government in positioning itself as a regional power, leading regional integration, and thus being able to project itself in the world. This becomes even clearer when we look at Lula's inauguration speech, in which he states that his government's greatest priority in foreign policy would be a stable, prosperous, and United South America based on democratic ideals and social justice.²⁷⁶

In this sense, MERCOSUR was the first step of regional integration for Brazil. However, regional integration was not to be limited to the Southern Cone, but to be expanded to the entire subcontinent, creating a South American identity. The previous decades had been marked by an economic and political style that was characterized by the Washington Consensus and the open regionalism that it had imposed, which had resulted in terrible conditions for all of South America.²⁷⁷ We can observe that during this time Brazil was not only interested in strengthening regional integration, but also willing to assume greater activity in the region. This was also reflected in Lula's words when he recognized that in the first years of the 21st century, the region suffered from great political, economic, and social instabilities, and that Brazil had to assume its responsibility and contribute to finding solutions.²⁷⁸

Regional integration for Lula should not only change its profile, but should be reconstructed because it had previously only been based on the economic-commercial element, leaving the political and social element aside. This view is reflected in Lula's declarations when he indicated that it was necessary to think about MERCOSUR in a broader manner and not only from the commercial perspective. Instead, MERCOSUR should take the social policies of each country into account as well as the improvement of their political relations.²⁷⁹

This opinion is also reflected in the Buenos Aires Consensus as Brazil emphasized that the foundations of the new post-liberal regionalism in South America and MERCOSUR would change its profile, completely prioritizing the creation of political and social bodies that were pushed for by Brazil. Lula saw in MERCOSUR not only an instrument for regional trade, but understood MERCOSUR as a relevant means for sustainable economic

²⁷⁵ Esnal, Luis (2004): El precio del Liderazgo regional. Argentina, Buenos Aires: La Nación.

²⁷⁶ Pronunciamento do Presidente da República, Luiz Inácio Lula da Silva, na sessão solene de posse no Congresso Nacional Brasília – DF, 01 January 2003.

²⁷⁷ Discurso do Presidente da República, Luiz Inácio Lula da Silva, durante almoço de trabalho oferecido pelo Presidente da França Jacques Chirac, 01 June 2003. Biblioteca da Presidência da República.

²⁷⁸ Pronunciamento do Presidente da República, Luiz Inácio Lula da Silva, na sessão solene de posse no Congresso Nacional Brasília – DF, 01 January 2003.

²⁷⁹ Palavras do Presidente da República, Luiz Inácio Lula da Silva, na visita do Presidente da Argentina, Eduardo Duhalde, 14 January 2003. Biblioteca da Presidência da República.

growth, social inclusion, the distribution of wealth, and the strengthening of a South-American presence on the international stage.²⁸⁰

Therefore, Brazil considered it a priority to reinforce the political and social dimensions of MERCOSUR through the creation of consolidating institutions. In the same speech, Lula added that efforts were undertaken to create a MERCOSUR parliament and a social institute, and to deal with issues of public policy at the regional level, which would be fundamental for democratization and greater participation for society as a whole in the regional integration process.²⁸¹ Regarding the view of MERCOSUR as a platform for Brazil, we can once again point out that the consolidation of the political integration structure, e.g. by creating a parliament, would support Brazil's appearance as an increasingly active and respected actor in external negotiations. Moreover, he reinforced the view that it would be vital for South America, and especially Brazil, to be able to mold the rules of the international system and eliminate injustices.²⁸²

One of the most relevant initiatives is the so-called solidary integration, which is often seen as an act of generosity for the smallest MERCOSUR economies.²⁸³ The creation of FOCEM is presented as a system for diminishing regional asymmetries that limit regional integration.²⁸⁴ The willingness to finance the reduction of asymmetries manifested itself in 2008, when Brazil decided to increase its contributions to FOCEM in a global context that was defined by the beginning of the economic crisis.²⁸⁵ Brazil was decisive for the most ambitious project that was financed by FOCEM - the electrical transmission line in Paraguay (Asunción – Itaipú) - by giving a voluntary donation in addition to the contributions that were prescribed by FOCEM agreements. In 2010, when work on the project began, Lula stressed the importance of SSC and MERCOSUR as a dynamic factor in intraregional trade and a platform for sovereign insertion in the world.²⁸⁶ This clearly underpins

²⁸⁰ Discurso do Presidente da República, Luiz Inácio Lula da Silva, na reunião do Conselho de Cúpula do MERCOSUL, 20 June 2005. Biblioteca da Presidência da República.

²⁸¹ Declaração à imprensa do Presidente da República, Luiz Inácio Lula da Silva, durante visita de trabalho ao Brasil do Presidente da Argentina, Néstor Kirchner, 11 June 2003. Biblioteca da Presidência da República.

²⁸² Discurso do Presidente da República, Luiz Inácio Lula da Silva, no encerramento da reunião de Cúpula do MERCOSUL, 17 December 2004. Biblioteca da Presidência da República.

²⁸³ We can see the creation of the FOCEM in a more realist manner in the role of Itamaraty and more precisely in the words of Celso Amorim.

²⁸⁴ Discurso do Presidente da República, Luiz Inácio Lula da Silva, no encerramento da reunião de Cúpula do MERCOSUL, 17 December 2004.

²⁸⁵ Discurso do Presidente da República, Luiz Inácio Lula da Silva, na 36^a Cúpula dos Chefes de Estado do MERCOSUL, 16 December 2008. Biblioteca da Presidência da República.

²⁸⁶ Discurso do Presidente da República, Luiz Inácio Lula da Silva, durante visita às obras de terraplanagem da subestação de Villa Hayes, 30 July 2010. Biblioteca da Presidência da República.

the Brazilian vision of MERCOSUR and its foreign policy tools, such as SSC, to present regional bodies as a platform for regional and global leadership.

Taking the Presidential Summits created by Fernando Henrique Cardoso as a base, Lula found a new possibility that allowed uniting the entire South American region under a single integration process, first under the conversion between the CAN and MERCOSUR through their Agreement on Economic Complementation 59 (*Acuerdo de Complementación Económica, ACE-59*) which allowed the blocs to come together.²⁸⁷ This gave way to the creation of CASA through the 2004 Cuzco declaration. In this case, Lula once again pointed out the fundamental role that integration played for Brazil in its objective of stimulating multipolarity through an alliance that would fight for a new political geography and international economy.²⁸⁸

In 2007, CASA turned into UNASUR and in 2008, the constituting treaty was approved. Here, Brazil once again clearly demonstrated the ideas that move its foreign policy of multipolarity. Lula stated that the creation of UNASUR allowed South America to earn its status as a global actor and that a united South America could participate in the global power plays.²⁸⁹ The principal characteristic of UNASUR is the participation of all twelve South American countries in a single regional integration project and, as we have mentioned before, the exclusion of the United States and Mexico.

One of the most relevant initiatives for Brazil within UNASUR was the creation of the CSD that was proposed by the Brazilian leader in the UNASUR Heads of State meeting during which the new organization's constituting treaty was approved. The motive for its creation was to generate a regional vision of defense and security.²⁹⁰ The creation of the CSD was approved in Costa do Sauipe in late 2008; only days after Lula had released the Brazilian national defense strategy that indicated that it coincided with the CDS and allowed stimulating cooperation and the military industry in the region.²⁹¹

It was also during the presidential summits that Fernando Henrique Cardoso pushed for the creation of the IIRSA, an initiative to stimulate infrastructure.

²⁸⁷ Mercadante, Aloizio (2010): p. 212.

²⁸⁸ Discurso do Presidente da República, Luiz Inácio Lula da Silva, por ocasião do encerramento da 3ª Reunião de Presidentes da América do Sul, 08 December 2004. Biblioteca da Presidência da República.

²⁸⁹ Discurso do Presidente da República Luiz Inácio Lula da Silva, durante a reunião extraordinário de chefes de Estado e de Governo da União Sul-Americana de Nações – Unasul, 23 May 2008. Biblioteca da Presidência da República.

²⁹⁰ Discurso do Presidente da República Luiz Inácio Lula da Silva, durante a reunião extraordinário de chefes de Estado e de Governo da União Sul-Americana de Nações – Unasul, 23 May 2008.

²⁹¹ Discurso do Presidente da República, Luiz Inácio Lula da Silva, durante cerimônia de lançamento da Estratégia Nacional de Defesa, 18 December 2008. Biblioteca da Presidência da República.

Between 2003 and 2010, the IIRSA held greater importance, first within CASA and then as part of UNASUR. Lula saw the IIRSA as a fundamental tool for regional conductivity and Brazil as the leader of the regional integration process because of the capacity of the BNDES to finance strategic projects that would increase productivity and competitiveness in the regional economy and reduce the costs for Brazilian companies to reach markets throughout the continent.²⁹² Here we can once again observe Brazil's clear intention of assuming greater activity in the region, not only by promoting the new organization as a platform for its international projection, but also by indirectly adding funds for Brazilian companies that present projects within the IIRSA.²⁹³

In addition, we can observe Brazil's interest in creating, promoting, and financing regional integration. Furthermore, it had the ability to block projects that went against its interests and that could limit the actions of creating its regional platform. The clearest example of the Brazilian ability to block projects took place in 2005, at the Summit of the Americas: Brazil put an end to an initiative proposed by the United States to create a free trade area of the Americas. Lula clearly stated that for Brazil it did not make sense to negotiate about free trade while the agricultural subsidies still caused unjust conditions.²⁹⁴ In this position, we once again find the active and proud axes of foreign policy as Brazil blocked whatever it did not consider useful for its own interests without showing fear of more powerful states. Through an active position, it also initiated the creation of new blocs and the blocking of others.

7.3.2 The Itamaraty

The Brazilian Department of Foreign Relations is better known as Itamaraty. It is in charge of carrying out international relations through its diplomatic and technical body. Itamaraty historically was one of the most influential Ministries of Foreign Relations not only in South America but in the entire world. In Brazil, there is an ingrained consensus on the fundamental role that Itamaraty carries out in international insertion. This department is characterized by its rational, bureaucratic structure and a corporate spirit, differentiating it from the rest of Brazilian government institutions.

²⁹² Discurso do Presidente da República, Luiz Inácio Lula da Silva, durante cerimônia de lançamento da Estratégia Nacional de Defesa, 18 December 2008.

²⁹³ This will be analyzed with special attention on the economic-commercial dimension of Brazilian foreign policy.

²⁹⁴ Intervenção do Presidente da República, Luiz Inácio Lula da Silva, na Segunda Sessão da IV Cúpula das Américas, 05 November 2005. Biblioteca da Presidência da República.

Throughout history, this allowed Itamaraty to possess a relative degree of autonomy with respect to the state structure, which enables it to establish a certain style and continuity, turning foreign policy into a state policy.²⁹⁵

In order to analyze foreign policy during the Lula administration and the actions of the Itamaraty, we will take into consideration the role of former Secretary of Foreign Relations Celso Amorim and Secretary-General of Foreign Relations Samuel Pinheiro Guimarães. In addition, we will take into account a more diplomatic vision provided by the cultural attaché of Brazil and Uruguay, and the Brazilian representative for MERCOSUR.

The Secretary of Foreign Relations Celso Amorim is a career diplomat who over the years was Ambassador in destinations of relevance like the United Kingdom. In addition, he briefly was Secretary of Foreign Relations during the government of Itamar Franco. In 2003, he was designated Secretary of Foreign Relations and became a great protagonist in the formulation of the Brazilian foreign policy strategy toward the region and Brazil's interest in establishing itself as a regional power or leader. With regard to Brazil's international role, Celso Amorim believes that Brazil did not exercise the influence it should have as one of the five largest countries with regard to territory and solution, and one of the most important economies particularly with regard to purchasing power. In his opinion, Brazil experienced a great change under Lula and obtained great soft power.²⁹⁶

He also points out that globally, there are other large countries or blocs with great economic, political, and military capabilities like the U.S., the E.U., China, or India. Thus, Brazil should not only nurture its notion of greatness but also of humility, as Brazil does not have military capabilities like nuclear weapons.²⁹⁷ Therefore, in order to have greater influence at the global level, it is necessary for Brazil to stimulate regional integration, involve the region in all initiatives, and gradually allow for the creation of an external personality.²⁹⁸ Celso Amorim believes that Brazil would have a platform for greater international influence if it was supported by all of South America, especially if the region backed initiatives like the ASPA and ASA summits.

As we mentioned above, power can be understood in different ways: On the one hand, there is a concept of power that refers to the force of powerful states based on fulfilling a series of elements like population, territory, wealth, and military power. This classification that is based on the accumulation of concrete abilities of a military nature or territorial extent is associated with

²⁹⁵ Altemani de Oliveira, Henrique (2005): p.23.

²⁹⁶ Itamaraty (n.d.a): Amorim diz que "EUA pisaram no nosso calo" - Entrevista concedida à colunista Eliane Cantanhêde, do jornal "Folha de S. Paulo". Ministério das Relações Internacionais do Brasil (Itamaraty).

²⁹⁷ Itamaraty (n.d.a).

²⁹⁸ Itamaraty (n.d.a).

the superpowers or great powers. On the other hand, there is a definition of power that is based on the ability of states to attract others without exercising any type of force, but rather obtain a position of predominance in the international system through values and admiration. This vision is compatible with the classification of regional powers, principally because it is characterized by exercising influence in a defined geographic, political, and economic zone, exercising clear predominance above the other states in the region. This is associated with the so-called emerging countries. Those are usually in favor of a multipolar system, and while they are not only willing to lead the region, they seek to participate in global governance through their ability to ideologically guide the construction of regional institutions as their platform.

What we emphasize here is connected to regional integration, which turned into a foreign policy priority for Brazil in the 2003-2011 timeframe. Amorim explains that by having ten neighbors on its borders and a deep relationship with them, Brazil is obligated to have good relationships in the region. He further explains that under the Lula administration, regional relationships were also part of Brazil's soft power on a global scale. South American integration and global projection and influence were seen as mutually reinforcing.²⁹⁹ This attitude in Brazilian foreign policy reinforces the idea of the region as a platform for regional leadership and the subsequent consolidation as a global player that is capable of modifying the rules that may harm the interests of Brazilians.

When Celso Amorim became Secretary of Foreign Relations, MERCOSUR as the principal process of regional integration that Brazil participated in, suffered a great crisis. Therefore, in 2003, the country decided that a reform of MERCOSUR was necessary. This reform was supposed to change the vision of the 1990s, when neoliberalism with a focus on trade liberalization and an economic emphasis that was partly stimulated by the initiative of the Americas and the Washington Consensus, were harmful to the region. Amorim thinks that the initial idea of the pre-MERCOSUR had a strong political sense that was related to the return of democracy and the end of old rivalries. Therefore, regional integration clearly had a political objective. Thus, it was believed necessary to return to the political origins and include social and solidary dimensions. Amorim shows that under Lula the political emphasis became clearer while solidarity became stronger with the creation of the parliament, the social institute, and specific public policies.³⁰⁰

The most relevant MERCOSUR initiative that Brazil promoted is FOCEM, which relies not on donations but on nonrefundable financing. Amorim explains that

²⁹⁹ Itamaraty (n.d.a).

³⁰⁰ Itamaraty (n.d.a).

Brazil's motivation for financing these projects laid in giving MERCOSUR more sustenance by unconditionally helping the smaller economies. According to him, this also holds true with respect to the BNDES and the ABC in the context of UNASUR and MERCOSUR.³⁰¹

For Brazil, the creation of UNASUR was an obligation, to not be indifferent but help the countries in the region. It was considered necessary to not only look at the Southern Cone but to include the entire region and consolidate the regional unit as a platform. This represented an opportunity for Brazil to mediate regional problems through UNASUR without intervention. This non-indifference is reflected in mediation to facilitate dialogue. Brazil also worked on contributing to peace in the region as the creation of the CDS marked the first time that the countries in the region thought about South American defense in the context of UNASUR, promoting peace and security.³⁰²

Another important figure in Itamaraty and in Brazilian foreign policy was the Secretary-General Samuel Pinheiro Guimarães, who along with Celso Amorim was one of the key representatives of the autonomist paradigm and post-liberal regionalism current, and who influences the principal axes of the 2003-2011 timeframe. Pinheiro Guimarães can be seen as part of the hardest or most orthodox wing of the autonomists. He thinks that the country has a series of characteristics, including territorial extent, population, and gross domestic product that place it in a select group of states on par with the U.S. and China. According to him, Brazil could fulfill its destiny of being a regional leader and being one of the most powerful and influential states, if it was able to exploit its entire economic, political, and military potential. If it does not manage to do so, it would be condemned to poverty and underdevelopment.³⁰³

His position is clearly in accordance with post-liberal regionalism and autonomy, which marked the failure of neoliberalism that did not take into account the asymmetries between the regional economies and societies as a whole in the process of regional integration in the 1990s. Autonomy (understood as autonomy by diversification) seeks to avoid relationships of subordination to hegemonic countries of the global order. This could be achieved if Brazil managed to diversify its partners and actively participate on the international stage. The *autonomists by diversification* in Itamaraty saw political coordination and SSC with developing and emerging countries as needed and a guarantee to be able to mold the rules to the benefit of the South.

In order to achieve the desired international positioning, Brazil needed to make an effort to contribute to more democratic, just, and multipolar world. Therefore, the primary priority would be physical integration, economic unity,

³⁰¹ Itamaraty (n.d.a).

³⁰² Itamaraty (n.d.a).

³⁰³ Pinheiro Guimarães, Samuel (2006): *Desafios Brasileiros na Era dos Gigantes*. Brasil, Rio de Janeiro: Contraponto.

and coordinated policies for South America with regard to the international realm.³⁰⁴ This is underlined by Pinheiro Guimarães, who explains that Brazil now shows greater activity with regard to financing regional infrastructure, currently supporting more than ten projects in the region. In addition, Brazil plays a crucial role in promoting the convergence between MERCOSUR, the CAN and UNASUR.^{305 306} According to him, MERCOSUR also needed reform in order to constitute a political and economic bloc in South America that contains compensation mechanisms through processes that reduce the asymmetries and inequalities of the states in the region. In this regard, Brazil should consider coordinating the reforms with Argentina and Venezuela. The Buenos Aires Consensus in 2003 and the subsequent MERCOSUR work program coincide with Pinheiro Guimarães's vision: In both cases, the foundations for reforms and the creation of new bodies in MERCOSUR, such as Parlasur, FOCEM, the ISM, and the IPPDH, were laid. Pinheiro Guimarães sees an alternative in the integration process through UNASUR that joins all the countries of South America for the first time and approaches those that opted for a another commerce alternative. At the same time, UNASUR provides the possibility to articulate an international position for the region in a multipolar world. It is important to stress that Pinheiro Guimarães has been criticized for ideologizing the Itamaraty and Brazilian foreign policy through a foreign policy direction that was anti-American, against free trade and globalization, and too admirable of the Bolivarian leader, former Venezuelan president Hugo Chávez.³⁰⁷

Gustavo Bezerra, Head of the Cultural Area of the Brazilian Embassy in Uruguay, and Roberto Goidanich, Secretary-Advisor of the Brazilian Delegation to MERCOSUR and LAIA believe that Brazil's foreign policy in the 2003-2011 timeframe did not represent any radical change in its objectives, as the Brazilian Constitution calls for economic, political, social and cultural integration with the other peoples of Latin America.³⁰⁸

Goidanich underscores that Lula just reinforced the integration project on different dimensions, in particular by deepening the social dimension.³⁰⁹

Bezerra explains that the former leader did not represent a split or true

³⁰⁴ Pinheiro Guimarães, Samuel (2006): p. 445.

³⁰⁵ Pinheiro Guimarães, Samuel (2006).

³⁰⁶ In an interview, he pointed out that Brazil's justification for assuming the financial costs of integration was that the well-being of Brazilian neighbors was beneficial for Brazil as demand for Brazilian products would rise. Itamaraty (2008): Para Pinheiro Guimarães, AL precisa de um Plano Marshall (Entrevista Secretário-Geral, Embaixador Samuel Pinheiro Guimarães, ao jornal Valor Econômico, 14/07/2008). Ministério das Relações Internacionais do Brasil (Itamaraty).

³⁰⁷ Oliveira, Eliane (2012): A escola Samuel de polémicas. *Jornal O Globo*, 29 August 2012.

³⁰⁸ Constituição da República Federativa do Brasil de 1988. Presidência da República, Casa Civil, Subchefia para Assuntos Jurídicos.

³⁰⁹ Interview with Roberto Goidanich on 11/12/2015

innovation; although Lula put more emphasis on SSC. He thinks that Lula's ideas have their precedent in the independent foreign policy and responsible pragmatism during the dictatorship.

7.3.3 The Workers' Party PT

The PT held great relevance in the 2003-2011 timeframe because it was the party Lula belonged to when he became president. Unlike previous times when foreign policy was reserved for the Itamaraty and its diplomatic body, the PT had direct influence on foreign policy in those years. Marco Aurélio Garcia - one of the founders of the PT and later the Secretary of International Relations of the PT - became Presidential Advisor for International Issues when Lula came to power.

Marco Aurélio Garcia is convinced that Brazil went on to occupy a relevant place in the world as it was invited to participate in the G8, took part in the G20 and was a member of the BRICs forum.³¹⁰ According to Marco Aurélio Garcia, during that time, Brazil was able to end its inferiority complex that had limited the country's international actions. Brazil's foreign policy is reflective of this and considered South American integration as its highest priority. He states that the first instrument for Brazilian foreign policy was MERCOSUR, as the idea had already passed beyond merely trade issues but also included other dimensions. As MERCOSUR was capable of attracting other countries of the region, Brazil proposed the creation of a new South American Community of Nations, later called UNASUR.³¹¹

Marco Aurélio Garcia also explains that Brazil at some point understood that trade alone was not sufficient for the regional integration process, and that the asymmetries had to be taken into account. Therefore, Brazil sought to create infrastructure finance systems and add bodies like the South American Defense Council to promote regional trust. The MERCOSUR and UNASUR processes as well as the African policy forum as part of the Brazilian options for the South, seeking to stimulate the multipolarity that would allow changing rules of the international system.³¹² In the words of Garcia, we again see the guiding line of post-liberal regionalism that considers the original MERCOSUR to be a failed attempt, and highlights the need to deepen integration processes in other dimensions and expand it throughout the entire region via UNASUR. In his foreign policy stance, we can also clearly find a profile of autonomy through diversification.

³¹⁰ Garcia, Marco Aurelio and Sader, Emir (2010): Brasil entre el pasado y el futuro. Argentina, Buenos Aires: Capital Intelectual, p. 173.

³¹¹ Garcia, Marco Aurelio and Sader, Emir (2010): p. 173.

³¹² Garcia, Marco Aurelio and Sader, Emir (2010).

As substantiated by multiple academics like Malamud, Gomes Saraiva, Soares de Lima, Hirst, Roett, and Gratius, Marco Aurélio Garcia is the architect of Brazilian foreign policy for South America. Roett called him "the PT foreign policy guru."³¹³ Malamud sees Garcia as of the one who followed the most anti-U.S. and pro-ALBA line in government and divided Brazilian diplomacy into a more nationalist and a more professional stance.³¹⁴ Gomes Saraiva states that Garcia reflected the presence and influence of the PT in Brazilian foreign policy and the break with the diplomacy of the Itamaraty. Soares de Lima and Hirst point out that the presence of Marco Aurelio Garcia as Lula's advisor represented a type of parallel diplomacy.^{315 316}

Importantly, the PT played another relevant role in Brazilian foreign policy with the creation of the São Paulo Forum (*Foro de São Paulo*, FSP). The FSP is a space for dialogue that was promoted by Lula through the PT since 1990. It seeks to concentrate the self-proclaimed center-left, left, and progressive political forces of Latin America. The FSP focuses on two aspects: First, it seeks to strengthen South American integration and fight for social equality, self-determination of the peoples, and the development of a national industry. Second, it maintains an acid criticism of neoliberal policies and the center-right and right-wing imperialist forces that had given a mercantilist character to regional institutions like MERCOSUR and CAN.^{317 318} The FSP constituted a space where the PT could connect with different groups and political figures. This turned out to be the key for Brazilian foreign policy during the Lula government, as the FSP allowed the PT to build the needed harmony for promoting the MERCOSUR and UNASUR platforms.

In this political-diplomatic dimension, we can observe the clear intention of promoting a more active role in regional integration, redesigning MERCOSUR in a way that promoted new social and political dimensions for the reduction of asymmetries and the democratization of the organization (e.g. Parlasur, ISM, FOCEM, and IPPDH) without leaving aside commercial interests. Later, the creation of UNASUR opened a meeting space for the entire South American region that included innovative topics like infrastructure (IIRSA-COSIPLAN) and defense (CDS).

Throughout our analysis, it is possible to find the axes of Brazilian foreign policy reflected in different actors, whether it be Lula Celso Amorim, Samuel Pinheiro Guimaraes, the diplomats of Itamaraty, or the PT

³¹³ Interview with Riordan Rioett III on 03/22/2016

³¹⁴ Interview with Carlos Malamud on 03/22/2016

³¹⁵ Gomes Saraiva, Miriam (2010a).

³¹⁶ Soares de Lima, Regina and Hirst, Mónica (2006).

³¹⁷ FSP (1990): Declaración final -São Paulo- 1990. Foro de São Paulo.

³¹⁸ FSP (2002): Declaración final – Antigua – 2002. Foro de São Paulo.

through Marco Aurélio Garcia. They were all guided by the fundamental axes of Brazilian foreign policy in the 2003-2011 timeframe: autonomy, universality, multilateralism, multipolarity, and solidarity. These principles were identified as the great priority of Brazilian foreign policy. The actors in the political-diplomatic dimension coincide on the importance of the fact that, in a multipolar world, Brazil alone cannot compete with the great economic-military powers. Thus, they consider it necessary to create blocs like MERCOSUR and UNASUR that act as a platform toward the world. A clear example of this is that Brazil achieved conjunctures in its most ambitious policies in the developing global South. Between South America, Africa, and the Middle East, Brazil created contacts like the ASPA and ASA summits.

7.4 Economic-Commercial Actors and Dimensions

In this section of our book, we will discuss an economic-commercial dimension, analyzing the internationalization of Brazilian companies through regional infrastructure projects that were supported by the IIRSA/COSIPLAN and financed through the BNDES. Our intention is to show that the companies, while they are private actors, have benefited from the regional activities of the Brazilian state during the Lula administration, principally by being awarded infrastructure projects. Our purpose is to analyze the logic behind the companies' funding and internationalization as well as the motivations of both companies and the state in order to trace a line of research with our final study.

7.4.1 The National Development Bank BNDES

The expansion of companies counted on financing from regional organizations like UNASUR, particularly in COSIPLAN-IIRSA through state bodies like the BNDES. Therefore we can affirm that the state has promoted an internationalization of national Brazilian private actors. This promotion has resulted in Brazil being seen as a paymaster, an actor that is capable of dealing with the costs generated by regional leadership in order to consolidate it as such.

The governmental incentive to the national business community should also be reviewed from the point of view of the autonomist current that prevailed in Itamaraty during the Lula administration, when emphasis was put on the region as an autonomous space of action for Brazil. Regional growth and cooperation were consequently linked to Brazilian growth. A connection was made between the public and the private in a mutually beneficial relationship: the Brazilian state by having a greater presence in the region with national capital, and the companies by being awarded

important projects. Pazdone points out that Lula participated in some negotiations for companies like Gerdau or Odebrecht.³¹⁹

The BNDES was founded in 1952; it is the principal financial support for Brazilian companies and the state. Its objective lies in investing in all sectors of the economy in order to stimulate economic and social development. Among its principal activities is the promotion of an expansion of industry and infrastructure, and the support for exports. The BNDES was traditionally focused on the Brazilian internal market. However, from 2003 onwards, it has assumed new responsibilities and obtained a predominant role as a tool of Brazilian foreign policy toward South America.

We can clearly observe this in an official publication of the BNDES itself from 2004, titled *Integração da América do Sul: o BNDES como agente da política externa brasileira*. In this publication, it explains its new role in foreign policy. The mission of the BNDES became the promotion of regional integration, allowing for the expansion of markets and commerce. However, the big change concerned the decision to finance infrastructure projects in the entire region through IIRSA.³²⁰ In 2004, the BNDES modified its rules, gaining access to the possibility of direct international financing for Brazilian companies that participate in regional infrastructure projects. The BNDES started to finance infrastructure projects through the IIRSA with the goal to develop a regional infrastructure.³²¹

The question arises of what the objectives of the Brazilian state in financing regional projects and the internationalization of companies is. While the IIRSA and FOCEM statutes establish that projects are carried out in order to reduce asymmetries in the region and develop infrastructure to promote regional integration, our reading goes beyond this and we believe that Brazil's objective was to use these commercial integration platforms for its own benefit. This confirms the realist perspective that state interests prevail over international organizations. Hiratuka explains that the big Brazilian companies took the opportunities offered by IIRSA projects in order to strengthen their international position. The support offered by the BNDES also played an important role, combining the interests of Brazilian companies with the objective of financing infrastructure projects abroad.³²² This shows the companies' interest in regional integration processes, not so much for integration itself but for the projects that accompany it.

³¹⁹ Interview with Gabrielle Paz on 11/08/2015.

³²⁰ BNDES (2004): *Integração da América do Sul: o BNDES como agente da política externa brasileira*. Informe BNDES No. 187/2004.

³²¹ Gomes Saraiva, Miriam (2011): *Integração regional na América do Sul: processos em aberto*. Article presented at the Third National Meeting for Global Governance and Mew Actors. University São Paulo, 20-22 June 2011.

³²² Hiratuka, Celio and Sarti, Fernando (2011): *Investimento direto e internacionalização de empresas brasileiras no período recente*. Instituto de Pesquisa Econômica Aplicada, p. 47.

Reaffirming this point, Paz establishes that the BNDES was an important tool in Lula's foreign policy as it worked for Brazil's economic interests by being involved in the COSIPLAN and awarding Brazilian companies with local infrastructure projects. According to Paz, the Lula administration privileged the South American space for exercising Brazil's leadership in the region and used the BNDES as an agent for the benefit of the local business community. For Paz, there is no consensus on the whether the IIRSA has been able to effectively meet its objectives for regional integration, due to the low transparency in carrying out its projects. According to him, the BNDES acted as an economic agent for Brazil by privileging national interests over the rhetoric of South American integration.³²³ We share this claim by putting the Brazilian state behind a discourse of regional integration. Guido Mantega, former Secretary of the Treasury during the Lula administration and president of the BNDES declared that Brazil's interests in IIRSA consisted of increasing the competitiveness of Brazilian companies through the expansion of regional trade and markets to benefit from economies of scale.³²⁴

As part of the strategy to act as a tool for Brazil's foreign policy, the BNDES opened its headquarters for the South American region in Montevideo in 2009. Regarding this opening, Lula affirmed that the BNDES expansion represented an important step for the consolidation of the integration project as it would help to diversify with respect to sectors that have great potential for integration, such as the aeronautical, pharmaceutical, naval, automotive and informatics sectors.³²⁵ Scholars like Hirt and Novoa have pointed out that this Brazilian attitude resembles a kind of sub-imperialism by making the IIRSA contingent on the Common Agriculture Policy (*Política Agrícola Común*, PAC).³²⁶ Other authors like Braga and Luce argue that the effects of Brazilian leadership in the region have not resulted in greater integration but benefitted the Brazilian economic interests.³²⁷

The BNDES has a portfolio that is committed exclusively to financing regional infrastructure projects and that contains a budget of an estimated 15.6 billion to 17.2 billion USD. Ayllon explains that unlike the technical cooperation of the ABC, the BNDES loans demand that the recipients (in our case COSIPLAN-IIRSA) use the resources to purchase goods and hire

³²³ Paz, Gabrielle (2015): Integração da América do Sul: o BNDES como agente da política regional do governo Lula. Seminário Internacional de Ciência Política, p. 3.

³²⁴ Mantega, Guido (2005): Integração da infraestrutura na América do Sul. Apresentação. Primeira Rodada de Consultas para Construção da Visão Estratégica Sul-Americana no Brasil

³²⁵ Discurso do Presidente da República, Luiz Inácio Lula da Silva, por ocasião da visita do Presidente do Uruguay Tabare Vazquez, 10 March 2009. Biblioteca da Presidência da República.

³²⁶ Program of Economic Acceleration, the programs are national projects with some impact (small though) on neighboring countries like bridges, tunnels, border crossings, and waterways.

³²⁷ Paz, Gabrielle (2015).

services from Brazilian companies.^{328 329} Thus, the Brazilian state finances companies, and Brazilian companies enjoy an advantage in the UNASUR project concessions due to the financial support. In 2004, the number of COSIPLAN projects amounted to 335, with an estimated investment of USD \$37 billion, while in 2011, the number of projects was expanded to 531 with USD \$116 billion of investments. They are mostly financed by different regional financial institutions like the Development Bank of Latin America (*Corporación Andina de Fondos*, CAF), the FONPLATA, and the IADB.³³⁰ Since its statutes were modified in 2002, the BNDES has also started to provide funding to COSIPLAN, however only in those cases where Brazilian companies are involved because its regulations establish that the BNDES can only provide funding to domestic companies.

The main construction companies involved in this initiative are Odebrecht, Camargo Correa, OAS, Andrade Gutierrez, and Queiroz Galvão. In fact, when the BNDES joined the IIRSA-COSIPLAN, it demanded that loans only be approved as long as the constructors were of Brazilian origin and the purchasing of goods took place in the Brazilian market.³³¹ It is important to highlight other Brazilian business groups like Petrobras, Embraer, JBS foods, Gerdau, Votorantim, Marcopolo, Marfrig, which along with the companies mentioned above have strategic interests in strengthening the regional infrastructure in order to expand their presence in different markets and achieve access to Pacific ports for their exports to other regions of the world. Between 1998 and 2006, the BNDES gave US\$2.5 billion for projects that were commissioned in the context of South American integration, and had a project portfolio of US\$5.15 trillion that included 37 large IIRSA-COSIPLAN projects.³³²

The BNDES also financed merger or acquisition processes for Brazilian companies with South American or foreign companies, allowing the Brazilian companies to internationalize. One example of a company that internationalized with the help of the BNDES is JBS S.A, the largest refrigeration company in Latin America and the second largest exporter of meat at the global level. The company received a loan from the BNDES to acquire the refrigeration company Swift & Co, the third largest refrigeration

³²⁸ Ayllon, Bruno (2010): La cooperación de Brasil: un modelo en construcción para una potencia emergente. Real Instituto Elcano.

³²⁹ Lissardy, Gerardo (2011): El banco brasileño que mueve América Latina. BBC Mundo, Brasil, 09 November 2011.

³³⁰ De Deos, Simeone and Wegner, Rubia (2010): Cooperação financeira e o financiamento da infra-estrutura na América do Sul. Revista OIKOS, p. 71.

³³¹ Luce, Mathias (2007): O subimperialismo revisitado: a expansão do capitalismo brasileiro e a política de integração do governo Lula da Silva na América Latina. Instituto de Filosofia e Ciências Humanas, Universidade Federal do Rio Grande do Sul, p. 47.

³³² Rooney Paredes, Mildred (n.d.): El compromiso de Brasil en la construcción de un sistema financiero alternativo: el Banco del Sur y el Banco de Desarrollo de los BRICS.

company in the U.S. and first largest in Australia.³³³

In fact, many of the projects that have been financed through the BNDES do not necessarily contribute to regional strengthening but instead serve the interests of Brazilian exporters. Some examples include the bridge over the Yaguarón River (Brazil-Uruguay), the bridge over the Uruguay River (Brazil-Argentina), the Rio Meta Waterway (Colombia), and the new Quito International Airport (Ecuador). According to Mercadante, those projects served as the energizing element for Brazilian exports of goods and services. Consolidation in the regional space was the foundation for strengthening Brazil's presence on the global stage³³⁴ as it helped to project a vision of international power. Lissardy also affirms that many of the IIRSA projects benefitted the exports of goods and services for big projects in neighboring countries.³³⁵

Between 1998 and 2002, the bank financed 48 regional integration projects in which all the involved companies were Brazilian. Some of them benefitted in particular, such as the construction company Odebrecht that received 26 projects.³³⁶ Brazilian investments in the region through the BNDES grew by 1082% between 2003 and 2010.³³⁷ Many projects have not been exempt from criticism, such as the construction of a road in Bolivia that directly crossed an environmental reserve. The project that was under OAS supervision was defended by Evo Morales and Lula against the protests of indigenous groups.

Brazil's strategy of increasing its regional influence and consolidating itself as a relevant player on the global stage encouraged the internationalization of its main companies, especially in the infrastructure and engineering sector. The progress of Brazilian companies in the region - and especially Odebrecht - in numerous regional infrastructure projects, positioned Brazil as an important driver of South American integration.

However, as a result of the *Lava Jato* operation, which started in 2014, the biggest corruption and money laundering scandal in the history of Brazil was uncovered. Former President Luiz Inácio Lula da Silva, as well as various ministers and parliamentarians are among the many public figures involved.³³⁸ The case initially focused on overpricing at the state oil company Petrobras; however, the corruption scandal spread throughout South America. In all cases, Odebrecht and other companies that managed numerous

³³³ BNDES (2007): BNDESPAR participa com até R\$ 1,463 bilhão do capital da Friboi. Banco Nacional do Desenvolvimento (BNDES).

³³⁴ Mercadante, Aloizio (2010): p. 215.

³³⁵ Batista de Castro, Augusto César (2011): Os Bancos de Desenvolvimento e a Integração da América do Sul. Brasil, São Paulo: Fundação Alexandre de Gusmão (FUNAG), p. 137.

³³⁶ Fonseca, Bruno (2013): O BNDES se internacionaliza e ultrapassa Banco Mundial. O(eco).

³³⁷ Lissardy, Gerardo (2011).

³³⁸ N.N. (2018a): Lava Jato: la operación que llevó a Lula a prisión. El Espectador, 08 April 2018.

infrastructure projects throughout the region were involved. Those projects were expanded on the basis of bribes to public officials and the financing of electoral campaigns, ensuring the awarding of contracts for public infrastructure construction.³³⁹

Particularly, the regional infrastructure initiatives are an example of the Brazilian influence in South America, where corruption scandals expanded in the region and became the common factor in this aspect of South American integration.

7.4.2 Regional Commerce and Trade Promotion through APEX and PROEX

Between 2003 and 2011, Brazil strongly pushed to induce a political and social character to MERCOSUR through different initiatives. At the same time, the trade dimension was not left aside, as an increase in trade and an expansion of agreements throughout the entire South American region took place.

During the brief term of former Secretary of Foreign Relations Itamar Franco in the 1990s, Brazil sought to promote a South American free trade area. Starting in 2003 when Lula became president and Amorim was Secretary of Foreign Relations, trade negotiations between Peru and MERCOSUR were initiated and were later expanded to the CAN and MERCOSUR. The negotiations resulted in the signing of a trade agreement with Peru known as (ACE-58), while the other members of the CAN (Ecuador, Colombia, and Venezuela) and MERCOSUR signed the ACE-59. These agreements were added to the trade agreements that had been signed with Chile in 1996 and Bolivia that same year. According to Celso Amorim, they constituted the formation of a South American free trade area.

The agreements laid the foundations for the expansion of Brazil's trade relationships with the South American region during the Lula administration. This was part of the Brazilian strategy to consolidate multilateral ties as a basis for regional leadership and later place itself as a relevant agent in a multipolar world. With respect to the latter, Celso Amorim's considers the economic-commercial dimension to be fundamental for political aspects, and explains that MERCOSUR gives Brazil the possibility of having a platform for negotiations with other trade blocs.

The official statistics indicate that in the 2003-2011 timeframe, Brazilian trade with the rest of the world increased from 13.31% exports and 16.02%

³³⁹ Alessi, Gil (2017): Odebrecht revela la corrupción sistémica en Latinoamérica. El País, 4 January 2017.

imports to 17.63% and 13.54%, respectively.³⁴⁰ South American trade with Brazil represented 14.76% of exports from the countries as a whole and 15.69% of imports. Toward the end of that time, exports represented 14.47% and imports 14.16% of GDP.³⁴¹ These statistics show the importance of trade relationships between the members. Nevertheless, it is possible to observe a slight decrease in percentage values of South American trade with Brazil. This could be justified principally by three factors: 1) Brazil's application of non-tariff trade policy measures that made exports from MERCOSUR to Brazil difficult, 2) the emergence of China that turned into a key trading partner in the region and required the diversification of exports and imports, and 3) the free trade agreements which the Pacific region countries signed with the U.S.. It is important to point out that if we consider numbers, regional trade between Brazil and South American countries experienced great growth, breaking value records. In the same years, exports went from 10 billion dollars to 45 billion dollars, reaching the maximum value in that very year. Imports increased from 7 billion dollars to 30 billion dollars.³⁴² Trade in numbers between Brazil and South America between 2003 and 2011 grew uninterrupted until 2009, then experienced a drop due to the economic crisis, just to increase again towards the end of the timeframe and set a record in 2011.

Within MERCOSUR, Brazil's main trading partner is Argentina, which has always occupied a predominant place in trade exchange. At the end of our 2003-2011 timeframe, Argentina represented 8% of exports, being the third most important trading partner for Brazil after China and the U.S.³⁴³ Other important trading partners were Chile, Venezuela, Paraguay, Colombia, and Bolivia. All of them are significant destinations for Brazilian exports.

In 2003, Brazil had a trade surplus of US\$2 billion. At the same time, when looking at single countries, there was a trade deficit with Argentina, Uruguay, and Bolivia. In 2011 at the end of Lula's presidency, Brazil's trade balance within the region showed a surplus of US\$14 billion, with Bolivia being the only exception to the general surplus.³⁴⁴ The profile of exported and imported products shows that Brazil underwent a radical change in products traded in South America, as most products were industrialized or value-added products instead of the classical raw materials. Brazil exported manufactured products, agro-industrial or agri-food products, vehicles and auto-parts, machinery, and processed product.³⁴⁵ Its trade statistics indicate that 87% of exports to the

³⁴⁰ Mdic (n.d.): Balança comercial brasileira: Países e Blocos. Ministério da Indústria, Comércio Exterior e Serviços (Mdic).

³⁴¹ Mdic (n.d.).

³⁴² Mdic (n.d.).

³⁴³ Comtrade (n.d.): International trade in goods and services based on UN Comtrade data. United Nations Comtrade.

³⁴⁴ Comtrade (n.d.).

³⁴⁵ Comtrade (n.d.).

MERCOSUR bloc were industrialized products.³⁴⁶

In this section, we pointed out the relevance of the BNDES as a tool for Brazilian foreign policy in financing Brazilian companies that were involved in regional infrastructure projects within COSIPLAN-IIRSA. In trade aspects, Brazil used other state structures with the objective of consolidating its regional position through the options offered by MERCOSUR and its trade agreements with the remaining countries of the region. There were two principal actors in Brazil's trade strategy for the South American region: the APEX and the Export Financing Program (*Programa de Financiamento a Exportação*, PROEX).

The APEX-Brazil was created in 2003.³⁴⁷ The objective of this state agency is to increase the number of exporting companies, promote the internationalization of Brazilian companies, increase the value of exports, diversify markets, and incentivize foreign investment in Brazil. In order to achieve these objectives, APEX supports small and large companies through various means, ranging from reports to trade trips to promote Brazilian goods and services. Additionally, APEX has business centers abroad: The office for South America was opened in Columbia at the end of Lula's presidency.³⁴⁸

PROEX is a system of public financing for exports that is coordinated by the Central Bank of Brazil. PROEX supports exports in two ways: funding and equalization. Funding is allocated to small and medium-sized companies. It consists of the direct delivery of resources from the National Treasury. The equalization of interest rates by PROEX aims at marking the state responsible for financial charges in order to ensure that the rates are compatible for international rates.³⁴⁹

Within the Brazilian strategy for South America, this can be seen as a complement to the BNDES policies for the internationalization of Brazilian companies. Both systems take advantage of MERCOSUR's trade benefits and UNASUR infrastructure financing initiatives. Here again, we can observe Brazil's intention to play an active role in regional integration in order to consolidate its regional leadership. In one of his speeches, Lula pointed out the importance of the BNDES, APEX, and PROEX in transforming Brazil into a global leader, which is one of the great aspirations of Brazilian foreign policy. In this speech, he emphasizes Brazil's capacity of financing important projects on the African and Latin American continents, and points out that

³⁴⁶ Itamaraty (n.d.b): Saiba mais sobre o Mercosul. Ministério das Relações Exteriores do Brasil (Itamaraty).

³⁴⁷ Ley No. 10.668, de 14 de Maio de 2003. Presidência da República Federativa do Brasil, Casa Civil, Subchefia de Assuntos Jurídicos.

³⁴⁸ CICB (n.d.): APEX Brasil. Centro das Indústrias de Curtumes do Brasil (CICB).

³⁴⁹ CAMEX (2015): Financiamento e garantias as exportações. Câmara de Comércio Exterior (CAMEX).

Brazil could compete with China, the U.S., Europe, and any other country in the world. According to him, the 2008 financial crisis has shown the weaknesses of powerful countries, and affirms that the 21st century would be Brazil's time to shine.³⁵⁰

This type of declaration serves as evidence for the aim for leadership and power that prevailed in Brazil during Lula's presidency. This also included a greater presence of the Brazilian business community at the regional level while having (at least in theory) the capacity to contest the great centers of power in a trade. Here we can clearly see that Brazil's strongest actions in regional integration through MERCOSUR or UNASUR were not only limited to political aspects. Instead, regional trade was also an important part of the foreign policy strategy. Trade aspects were not forgotten and political agreements allowed intraregional trade to increase, although trade was not given the same priority it had been given to during the neoliberal period in the 1990s.

7.5 Technical Cooperation Actors and Dimensions

International cooperation, especially SSC, including the exchange of technical knowledge and experience between developing countries, was a relevant tool for Brazilian foreign policy in the 2003-2011 timeframe.

7.5.1 The Brazilian Cooperation Agency ABC

One of the arms of Brazil's technical cooperation with the region is the ABC that is directly dependent on the Itamaraty. The ABC is in charge of promoting structural movements in social and economic fields, including the state's actions for strengthening institutions. Its programs allow for transferring knowledge, experience, and good practices through the development of human and institutional capabilities in order to reach a qualitative leap.³⁵¹ The areas of cooperation include education, health, public safety, environment, and public administration. One of the principal axes concerns SSC,³⁵² where relationships with Latin America, the Caribbean, and Africa are strengthened.

It is important to highlight that Brazil, as a developing or emerging

³⁵⁰ Discurso do Presidente da República, Luiz Inácio Lula da Silva, durante o jantar "Apresentando o Melhor do Brasil" oferecido pela Agência Brasileira de Promoção de Exportações e Investimentos (Apex) aos empresários exportadores e investidores, 21 December 2009. Biblioteca da Presidência da República.

³⁵¹ ABC (n.d.b): Cooperação conceito. Agência Brasileira de Cooperação (ABC).

³⁵² South-South cooperation is a recurring topic in Lula's discourse, where he states his interest in establishing relationships with developing countries and not with historical power centers.

country, historically was a recipient of international cooperation. With Lula's presidency, Brazil started to change this reputation and turn into a provider of international cooperation. For this, the economic and social improvements between 2003 and 2011 were crucial in enabling Brazil to share its experiences with other developing countries, especially in South America and Africa. Given the priority Brazil attributed to the developing world in its foreign policy, Ayllón points out that it helped to coin the concept of solidary diplomacy. According to this concept, other developing countries are granted unconditional access to the experience and knowledge of specialized institutions in areas that are considered relevant for partner countries with respect to their sovereignty.³⁵³ These words coincide with what former Secretary of Foreign Relations Amorim told us: Brazil should demonstrate solidarity with the developing world as it cannot be indifferent to what happens in the region. If South America is stable and prospers, Brazil also will.

We believe that this element plays a role for our research because cooperation constitutes one of the tools Brazil uses to strengthen its position in the region. Through cooperation, Brazil acquires prestige and a kind of *soft power* leadership. Programs like institution strengthening, technical support, training, and knowledge transfers also improve Brazil's reputation at the global level. This reputation undoubtedly has weight, e.g. when taking positions in multilateral bodies or changing the prevailing power structures. The prestige the country acquires in the region can later be used for better and greater protection at the international level, as the support of different countries is ensured. Ayllón explains that Brazilian cooperation is one of its foreign policy instruments in order to follow its national interests, legitimize its international inspirations, gain access to new markets, and exercise more influence in the multilateral realm.³⁵⁴

This became particularly clear during Lula's presidency: In 2004, the ABC had 32 projects with a value of US\$700,000. In 2010, the number had risen to 481 projects adding up to a value of US\$37 million.³⁵⁵ Within the area of technical cooperation, the South-American region clearly constituted a priority for Brazil: US\$19 million were invested in Africa, and US\$2 million were assigned to Asia, Oceania, and the Middle East, which considerably less than investments in South America. Cultural similarities and geographic proximity also contributed to the prioritization of South American countries in SSC.³⁵⁶ Thus, we can observe how Lula's discourse highlighting the priority

³⁵³ Ayllón, Bruno (2010).

³⁵⁴ Ayllón, Bruno (2010).

³⁵⁵ Agência Brasileira de Cooperação Evolução financeira de la ABC [online]. [Accessed on 06/03/2016]. Available at http://www.abc.gov.br/Content/ABC/imagens/americas_financeiro.png

³⁵⁶ ABC (n.d.c): Evolución financiera de la ABC. Agência Brasileira de Cooperação (ABC).



role of South America in his foreign policy is put into practice.

The ABC has a department that is specifically designated for the cooperation with MERCOSUR. For the ABC, it is extremely important to participate in regional integration as MERCOSUR represents a political and cultural process in addition to the successes achieved in trade matters. Brazil assumes that in a world with great economic spaces, where technical progress is crucial for investments and sustainable development,³⁵⁷ it is utterly important to pursue greater cooperation in regional contexts, allowing for a better quality of life for the entire population of MERCOSUR and making the bloc more competitive.

The ABC particularly considers technical and scientific cooperation with other MERCOSUR members to be crucial for the development and harmonization of technical norms and procedures.³⁵⁸ Brazilian cooperation in the context of MERCOSUR takes place through the National Coordination section of the Technical Cooperation Committee and the Division of Political, Institutional, Legal, and Social Issues. It is relevant to consider the standards with regard to intra-bloc cooperation: According to MERCOSUR perspectives, cooperation projects have to aim at consolidating the integration process and additionally seek to reduce asymmetries and foster improvements in institutional and technical aspects.³⁵⁹

³⁵⁷ ABC (n.d.a): A cooperação técnica no âmbito do MERCOSUL. Agencia Brasileira de Cooperação (ABC).

³⁵⁸ ABC (n.d.a).

³⁵⁹ MERCOSUR (2005a): Cooperación en el MERCOSUR: Modalidades. Grupo del Mercado Común. Uruguay, Montevideo.

CHAPTER 8

Conclusion

In this research, we analyzed Brazil's regional foreign policy through UNASUR and MERCOSUR during the presidency of Luiz Inácio Lula da Silva. Specifically, we examined the role these international organizations played in the establishment of Brazil's regional leadership.

The questions that guided our research were the following: The general question explores the role that regional multilateral bodies played for the foreign policy of the Lula administration, while more specific questions asked for the objectives the government established for its foreign policy and the platforms offered by UNASUR and MERCOSUR. In order to answer these questions, we argued that interest of the Brazilian government in positioning itself as a regional leader resulted in a foreign policy that prescribed a more active role in regional multilateral bodies.

In order to understand the evolution of Brazilian actions and the role of international bodies in regional leadership, we analyzed the change in direction of regional integration processes in South America in a temporal and global way, focusing on two key time periods: the neoliberal and the post-neoliberal period. In an internal analysis, we focused on the change of thought within Itamaraty, evolving from a pragmatic institutionalist current to an autonomist current. Furthermore, we analyzed on different dimensions the actions of important actors in Brazilian foreign policy during the Lula administration, specifically with regard to the regional bodies MERCOSUR and UNASUR.

It is important to point out that based on the study of precursors and paradigms in Brazilian foreign policy, it is possible to observe a constant element throughout Brazilian history: the vision that Brazil - whether due to its natural characteristics (population, territory) or political, economic, military, and cultural characteristics - is a distinct South American country that is meant to occupy a predominant role in the region and the world.

This vision has been addressed by Brazilian authorities through different strategies, depending on the national and international context. This included the foreign policy of the Empire that was closer to Europe and hostile to its own region, the subsequent Americanization during the times of the Baron of Rio Branco and the Republic, Getulio Vargas's negotiation power between the United States and Germany, the brief independent foreign policy in the early 1970s, the military dictatorship in its first years following ideological Americanism or automatic alignment, and later the diplomacy of prosperity and responsible pragmatism that sought to universalize Brazil's relationships. The end of the dictatorship resulted in a transition process that led to a vision of autonomy for integration, seeking to adapt the country to the international context and participate in the new post-Cold War world.

The government under Luiz Inácio Lula da Silva was at first believed to bring a radical change in the fundamental objectives of Brazilian foreign policy, as the government originated in the PT. Nevertheless, we found that it did not represent a stark change as it clearly pursued the same objectives of consolidating regional leadership and positioning Brazil as a relevant state on the international stage. However, there was an observable change in the strategies used to achieve these objectives. In the 2003-2011 timeframe, Brazil benefited from an international, regional, and national context that was very favorable to Brazilian interests from a geopolitical and economic point of view. Therefore, in a world characterized by multipolarity, Brazil saw an opportunity to establish its regional and global leadership through the regional bodies MERCOSUR and UNASUR.

Brazil's actions in the region took place in a multidimensional manner, covering the political-diplomatic, economic-commercial, and cooperation dimensions, which had a complementary character as they supported one another and contemplated each aspect that was relevant for Brazilian interests. This included the promotion of new political and social bodies in regional organizations, the funding of regional infrastructure, and technical cooperation for development in order to build stable and trusting relationships in the region.

Brazilian foreign policy in the 2003-2011 timeframe - like all foreign policy that seeks to be successful, stable, progressive, and continuous - had clear objectives that were defined from the first day of government when Lula and Celso Amorim stated that Brazil's highest priority would be regional integration. Brazilian foreign policy included multiple actors that, as we pointed out, evolved through several dimensions. Lula was a very relevant figure: From his position as president of Brazil, he was able to exercise the so-called situational leadership that, due to his own ingenuity, was capable

of molding the international political order to his and the country's benefit. In addition, he pursued a true presidential diplomacy that was decisive for creating political harmony with the other presidents of the region and achieving a consensus on the terms of regional integration.

In addition, Lula's Secretary of Foreign Relations Celso Amorim represented the classic diplomacy of Itamaraty and the autonomist epistemological line of Brazilian foreign policy that considered it necessary to modify Brazilian strategy for regional action towards a proud and active diplomacy. Despite its relative activity on the international stage, Brazilian foreign policy had always been defined by the fear of bothering the great powers. During the 2003-2011 timeframe, it not only developed aspirations of becoming a relevant actor, but also started to play a more active role through different regional and international initiatives.

In the economic-commercial panorama, there was an intense relationship between the state and private companies as public financing for Brazilian corporations helped them to internationalize and carry out numerous infrastructure projects, especially in COSIPLAN tenders. The BNDES's role as a financing actor helped private actors like the companies OAS, Odebrecht, and Camargo Correa to benefit from loans that were issued by the state. This connection between the public and the private is also evidence of the strong role that the state played during the Lula administration. This was complemented by a strong policy of SSC in the South American region where Brazil, based on its social and economic progress, sought to position itself as a successful model of the emerging world and at the same time distinguish itself from the classical powers.

Taking into account Brazilian action in the period of our research, we can point out that Brazil was framed within the limits of what is generally considered a regional power, i.e. a state that does not have the economic and military capabilities of a global leader, but exercises predominance in a specific geographic region and established its supremacy by articulating and promoting the construction of regional institutions and assuming the costs of its leadership through the funding of regional initiatives. This is in line with the regional leadership Brazil sought to achieve by strengthening the regional integration process and taking into account structural asymmetries between the countries, thus influencing its possible followers to adopt its own objectives.

Based on our research, we conclude that both UNASUR and MERCOSUR have served to consolidate the predominant role of the state in Brazil's international action. What do we base our claim on? In our research, we observed how the role of the state has been essential in each dimension we examined. From a regional point of view, the change towards post-neoliberalism strengthened

the state as an influential actor by consolidating the role of politics to a greater degree than economic-commercial relations. From an institutional point of view, the creation of new institutes with a political-social dimension within MERCOSUR (Parlasur, ISM, IPPDH) as promoted by Brazil strengthened the position of state protagonists in the body.

Our claims stated above are in line with our theoretical vision based on realism. According to this current, the state is predominant for explaining the relationships between actors in International Relations. At the same time, we have analyzed how certain lines of realism uphold that international organizations may be used to the benefit of the state itself in order to achieve its particular goals. Therefore, international organizations are not necessarily contrary to realism. This can be observed in the case of Brazil during the Lula administration, as we have shown throughout this book. The state has been the great promoter of rules and institutions in the 2003-2011 timeframe. In MERCOSUR, the Brazilian state promoted the creation of new social and political bodies, while UNASUR was created due to Brazil's drive as the great founder of this organization (later it took the initiative to create the South American Defense Council).

We demonstrated how, by establishing new institutions and initiating new proposals, Brazil has exercised power in the region. From an economic-commercial perspective, power was also exercised through the role of a *paymaster* that the Brazilian state assumed by financing regional infrastructure projects through the platforms of MERCOSUR and UNASUR and cooperating bilaterally with many countries in the Southern Cone.

We can point out an interconnection between the autonomist current of Itamaraty that characterized Brazilian foreign policy and the realist theory in international relations. The autonomists considered it very important to diversify and universalize Brazil's relationships without depending on the great powers (the United States and Europe), and recognized the importance of regional integration. They declared that Brazil should assume a leadership role and address the asymmetries between the countries of the region through solidarity. UNASUR and MERCOSUR were presented as a platform for Brazil to achieve a multipolar world and modify international rules according to its interests. Nonetheless, the autonomists viewed the UNASUR and MERCOSUR processes with distrust and suspicion as they feared that the organizations could assume a supranational character that would limit Brazil's actions on the international stage.

Although Brazil has promoted a new institutionality in international organizations, this institutionality has not been nourished by Brazilian actors or the country itself. Therefore, the realist vision prevails, considering that states do not want to be subject to supranational bodies that could

encroach upon their sovereignty and decision-making power in international relations. We conclude that the autonomist current and realism have points of contact and therefore influenced Brazil's actions in the 2003-2011 timeframe. On different dimensions, integration was promoted through reforms of MERCOSUR, giving it a new political-social profile, and facilitating the creation of UNASUR. At the same time, Brazil appeared hesitant toward anything that could limit its capacity of autonomous action. Brazil does not appear to have seen integration as an end but as a means to achieve its larger objective of consolidating itself as a regional power or leader in a world that was evolving toward multipolarity and more countries wanting to participate in the new international scenario.

It is important to point out that our research is limited to analyzing the role regional bodies played for Brazil's actions in its search for regional leadership. Thus, it lays the foundations for future research which seeks to show whether Brazil effectively achieved to consolidate itself as a regional leader.

This research has effectively demonstrated that the Brazilian government's interest in positioning itself as a regional leader lead Brazil's foreign policy under Lula, seeking a more active role in regional multilateral bodies.

By virtue of the events and changes experienced in Brazil in recent years, it is necessary to also consider Brazilian foreign policy after the Lula administration. When Lula ended his presidency, Brazil had achieved a considerable reduction of poverty through public policies that had increased the Brazilian middle-class. Democracy had been consolidated, and based on its active and proud foreign policy Brazil had proved itself to be a relevant actor in regional integration and the multipolar world as one of the emerging economies with the best perspectives for the upcoming decades. In 2011, Dilma Rousseff of the PT was sworn in as president. She inherited the structure and principles of Brazilian foreign policy from the 2003-2011 timeframe. In Itamaraty, the autonomist current had been consolidated in figures like Celso Amorim. In addition to the predominance of Lula's presidential diplomacy, they promoted strong action in the regional integration process and positioned Brazil as a relevant actor for the reforms of international rules. This was carried out on multiple dimensions (economic, political, diplomatic, commercial, and cooperation).

Nonetheless, Rousseff confronted an international, regional, and national context that was very distinct from the one that had characterized the 2003-2011 timeframe. The excellent Brazilian economic growth, driven by the international price of raw materials, had started to slow down. This affected Brazil's exports and economy; political stability based on alliances in the parliament began to weaken, creating instabilities in governability. In the South American region, the consensus on the integration process started

to be questioned due to political and economic changes. In this context, Dilma Rousseff had to focus her efforts on aspects of internal politics and a growing deterioration of Brazil's economic situation.³⁶⁰

This change had direct repercussions. Some scholars like Cervo point out, that the new president of Brazil exhibited a lack of interest in foreign policy. Therefore, regional integration and its financing, which had been a priority for Brazil, slowly weakened.³⁶¹ During this post-Lula period, UNASUR began to be definitively operative as a regional organization. Within MERCOSUR, a key event was the 2012 suspension of Paraguay as a member - following a supposed coup d'état - and simultaneously the controversial admission of Venezuela as a member state to the organization. These achievements of Brazilian foreign policy seem to be modest in comparison to Lula's achievements and have not been able to contribute to the Brazilian strategy of consolidating itself as a regional leader. The foreign policy based on the ideas of the autonomous current has weakened, losing preponderance in comparison to the previous period.

Brazil in the post-Lula period is characterized by a deep economic crisis, coupled with significant political and institutional instability. The main reasons lie in the corruption scandal *Lava Jato* that involves important figures of the PT, especially the former president Luiz Inácio Lula da Silva. In April 2018, he was found guilty of corruption and money laundering in various judicial instances, and was arrested.³⁶²

The corruption scandal also involves numerous ministers and parliamentarians from various political parties. In addition, important economic actors that had been fundamental in the Brazilian regional strategy, such as Petrobras, the BNDES and companies like Odebrecht, are involved in the biggest corruption scandal in Brazil and Latin America.³⁶³

Cases of corruption expanded in the region and became the common factor in the process of South American integration.

360 Gomes Saraiva, Miriam (2014): Balanço da política externa de Dilma Rousseff: perspectivas futuras? *Relações internacionais*, Vol. 44, No. 1, pp. 25-35.

361 Cervo, Amado and Lessa, Antonio (2014): O declínio: inserção internacional do Brasil (2011–2014). *Revista Brasileira de Política Internacional*, No. 57/2014, pp. 133-151.

362 Cowie, Sam (2018): Brazil's Lula ordered to surrender after court backs jailing. *The Guardian*, 06 April 2018.

363 Connors, Will (2015): Odebrecht, un símbolo del auge y la caída de la economía brasileña. *Wall Street Journal Latinoamérica*.

Lissardy, Gerardo (2014): Las obras públicas en América Latina salpicadas por el escándalo de Petrobras. *BBC Mundo, Brasil*, 23 December 2014.

Barca, Antonio (2017): Qué es el 'caso Odebrecht' y cómo afecta a cada país de América Latina. *El País*, 9 February 2017.

In this context Dilma Rousseff was accused of violating tax regulations by hiding the deficit in the public accounts of Brazil. As a consequence, the Brazilian Senate initiated an impeachment process against her. In August 2016, she was removed from the presidency for committing fiscal crimes.³⁶⁴ Vice President Michel Temer took over, effecting a clear change to Brazilian foreign policy by removing Marco Aurélio Garcia from his position as adviser, and appointing Jose Serra and subsequently Aloysio Nunes as Secretaries of Foreign Relations – actors that stand against the previously prevailing autonomous current and the foreign policy strategies of the 2003-2011 timeframe.

The economic and political crisis had a direct impact on MERCOSUR and UNASUR, leaving both organizations paralyzed in their actions. The strategy promoted by Brazil with the support of its partners of the Forum of Sao Pablo self-proclaimed “progressives”, was marked by scandals of regional corruption and a populist style with authoritarian tendencies.³⁶⁵

This situation led to a political change in the South American region: In Argentina, Mauricio Macri won the presidency in 2015; Pedro Pablo Kuczynski³⁶⁶ was elected president of Peru in 2016; and Chile experienced the electoral victory Sebastián Piñera in 2017. This reinforced the political turn towards the center-right.³⁶⁷

Moreover, the cases of Bolivia and Ecuador reinforce this trend. In Bolivia, Evo Morales's initiative to reform the constitution to guarantee indefinite re-election was refuted by the citizens. In the case of Ecuador, the new president Lenin Moreno, who is politically associated to Correa, took a turn after assuming distance from his predecessor, as can be seen in the referendum promoted by Moreno that prohibited indefinite reelection, ending the Correa era.³⁶⁸

In 2017, the authoritarian advance of Nicolás Maduro plunged Venezuela into economic collapse and a humanitarian crisis. This forced the MERCOSUR members to apply the Ushuaia Protocol, suspending Venezuela indefinitely

364 N.N. (2016a): ¿De qué se acusa a Dilma Rousseff?. *Deutsche Welle*, 11 May 2016.

N.N. (2016c): “Impeachment”: Dilma Rousseff es destituida como presidenta de Brasil. *BBC Mundo*, August 2016.

365 N.N. (2016b): El fin del Populismo. *El País*, Uruguay.

366 He also had to renounce in March 2018 due to suspected involvement in the Odebrecht scandal.

N.N. (2018b): Los 5 escándalos que provocaron la caída de PPK en Perú. *BBC Mundo*, March 2018.

367 Bonnefoy, Pascale et.al. (2017): Chile's Election Consolidates Latin America's Rightward Shift. *The New York Times*, 18 December 2017.

368 Manetto, Francisco (2018): Ecuador elimina la reelección indefinida y pone fin a la era Correa. *El País*, Ecuador, 05 February 2018.



from membership in the face of an evident rupture of the democratic order.³⁶⁹ UNSAUR is currently marked by its high ideology and inaction in the face of the Venezuelan crisis. In addition to the lack of internal consensus on the operation of the agency, this led to the withdrawal of the situation's main critics - Argentina, Colombia, Chile, Peru, Paraguay and Brazil in 2018.³⁷⁰ In this situation, integration models promoted by Chile, Peru and Colombia in the Pacific Alliance and initiatives such as the Transpacific Partnership Agreement (TPP) that are closer to open regionalism, are positioned as a new paradigm in South American integration. Within MERCOSUR, there is currently great interest in the conversion of both projects in order to stimulate international trade and global value chains.³⁷¹

Returning to its initial tasks, MERCOSUR is driving a new trade agenda, negotiating trade agreements with important players such as the EU, the European Free Trade Association (EFTA), Canada and South Korea.

Clearly, the process of regional integration that was promoted by Brazil's in its search for regional leadership facilitated the creation UNASUR and the reform of MERCOSUR, laying the foundations for Brazil's international projection in a multipolar world. However, in the post-Lula period, the country's actions in the region have diminished due to growing internal instabilities and the change of orientation in Brazilian foreign policy with regard to the region and the rest of the world.

Brazilian's strategy towards the region has changed. It is now characterized by the intention to make integration more flexible and prioritize commercial aspects, leaving aside the strategies that prevailed under Lula.

369 N.N. (2017): Mercosur suspende membresía de Venezuela. Deutsche Welle, August 2017.

370 Blasco, Emili (2018): La implosión de Unasur: el final oficial de la era bolivariana. ABC España, April 2018.

371 N.N. (2016d): La convergencia Alianza del Pacífico-Mercosur es el modelo idóneo de integración regional. EFE Cono Sur, November 2016.

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- ABC (n.d.b): *Cooperação conceito*. Agencia Brasileira de Cooperação (ABC). Accessed 15 June 2016 <http://www.abc.gov.br/CooperacaoTecnica/Conceito>
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Abbreviations

ABC	Brazilian Cooperation Agency / Agência Brasileira de Cooperação
ALBA	Bolivarian Alliance for the Peoples of Our America Alianza Bolivariana para los Pueblos de Nuestra América
AP	Pacific Alliance / Alianza del Pacífico
APEX	Brazilian Trade and Investment Promotion Agency Agência Brasileira de Promoção de Exportações e Investimentos
ASA	South America-Africa Summits / Cúpula América do Sul-África
ASPA	Summits of South American-Arab Countries / Cúpula América do Sul-Países Árabes
AU	African Union
BNDES	National Economic and Social Development Bank / Banco Nacional de Desenvolvimento Econômico e Social
BRICS	Brazil, Russia, India, China, South Africa
CAF	Development Bank of Latin America / Corporación Andina de Fomento
CAN	Andean Community / Comunidad Andina
CASA / CSN	South American Community of Nations / Comunidad Sudamericana de Naciones
CCM	MERCOSUR Trade Commission / Comisión de Comercio del MERCOSUR
CDS	South American Defense Council / Consejo de Defensa Suramericano
CDSS	Council of South-American Social Development / Consejo de Desarrollo Social Suramericano

CEED	Center for Strategic Defense Studies / Centro de Estudios Estratégicos de Defensa
CELAC	Community of Latin American and Caribbean States / Comunidad de Estados Latinoamericanos y Caribeños
CMC	Common Market Council / Consejo del Mercado Común
COSIPLAN	South American Council of Infrastructure an Planning/ Consejo Suramericano de Infraestructura y Planeamiento
ECLAC	Economic Commission for Latin America and the Carribean
EFTA	European Free Trade Association
EU	European Union
FCES	Economic-Social Consultation Forum / Foro Consultivo Económico-Social
FOCEM	Structural Convergence Fund / Fondo para la Convergencia Estructural del MERCOSUR
FONPLATA	Financing Fund for the Development of the Del Plata Basin / Fondo Financiero para el Desarrollo de la Cuenca del Plata
FSP	São Paulo Forum / Foro de São Paulo
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GIGA	German Institute of Global and Area Studies
GMC	Common Market Group / Grupo del Mercado Común
IADB	Inter-American Development Bank
IBSA	India, Brazil, South Africa
IIRSA	Initiative for the Integration of the Regional South American Infrastructure / Iniciativa para la Integración de la Infraestructura Regional Suramericana
IMF	International Monetary Fund
IPPDH	Institute of Public Policies on Human Rights / Instituto de Políticas Públicas en derechos Humanos
ISM	MERCOSUR Social Institute / Instituto Social del MERCOSUR
LAFTA	Latin American Free Trade Association
LAIA	Latin American Integration Association
MERCOSUR	Common Market of the South / Mercado Común del Sur

NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OAS	Organization of American States
PICE	Program for Integration and Economic Cooperation / Programa de Integración y Cooperación Económica
PT	Workers' Party / Partido dos Trabalhadores
SAM	MERCOSUR Administrative Department / Secretaría del MERCOSUR
SATO	South Atlantic Treaty Organization
SSC	South-South Cooperation
TPP	Transpacific Partnrship Agreement
UNASUR	Union of South American Nations / Unión de Naciones Suramericanas
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization