Abstract: The Ascent of Brazil in the Regional Hierarchy

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Brazil considered the backyard of US at one point of time has started being looked up by the United States as a significant regional powerhouse. The perceived importance of Brazil has risen in the last decade with Lula’s regime. Because of the economic strength, assumption of control in environmental discussions, hemispheric leadership and growing geo-strategic role through multilateral international forums, it has become a vital player in regional and global politics across numerous dimensions. While US recognition of Brazil's political and economic emergence has certainly brought to the fore the question of how Washington should reorient relations with Brasilia, translating this new awareness into comprehensive bilateral policies and partnerships remains difficult. It is to be analyzed whether the two form a ‘special relationship’ which is not lopsided. The fifth largest economy in the world has found leverage in the UN, G20, IMF and World Bank apart from the two relevant groupings IBSA and BRIC. It has been lobbying for a permanent position in the UN Security Council.
There is clearly a gap between Brazil’s global ambitions and its reluctance to adopt a more assertive role in its region. The country’s strategy in the region remains indecisive, combining restrained support for Mercosur, the creation of the Union of South American States (UNASUR) and the South American Defense Council (CSD) with a growing notion that a clearer vision is necessary to mitigate neighbor’s fears of a rising Brazil. Brazilian policy makers disagree on how they should characterize and understand their region – some see it as a source of problems, some as a shield against globalization, and some as a launching pad for global power. Brazil’s self-perception as a ‘BRICS country’ has fueled worries that it will pay little attention to regional matters (given that its trade interdependence with the region is far lower, percentage-wise, than that of its neighbors), causing critics of Brazil’s global focus to call it a ‘leader without followers.

In this backdrop, attempt would be made to probe into the structural theme provided- Does the rise of emerging powers translate into global structural changes? Is there a new emerging regional architecture of world politics?
Brazil is regarded as an emerging regional power in Latin America as well as an evolving global power - or at least a regional power with global influence and aspirations.\(^1\) Brazil is the fifth largest country in terms of both territory and population. It is a country without significant linguistic, cultural, racial, ethnic, religious or regional internal conflict. Since 1985 with the end of the military dictatorship it has become a stable democracy with regular, fair and free elections based on universal suffrage. Its economy is the eighth largest in the world with one of most advanced industrial bases in the developing world. Reserves of huge natural resources and large scale export of agricultural produce and minerals give it an added advantage. Not only is Brazil largely self-sufficient in energy and about to become a major exporter of oil, it is a world leader in alternative fuel especially in the production of ethanol. The Amazon rainforest, which is 75% Brazilian, is central to international environmental concerns.

Brazil paid little attention to its neighbors during most of the Cold War, and severe domestic problems kept the country from adopting a more assertive international role. In the 1980s, Brazilian foreign policy makers perceived the necessity to engage with its neighbors,
principally its rival Argentina, a trend that continued and strengthened throughout the 1990s. At the beginning of Fernando Henrique Cardoso’s first term, the President began to articulate a vision that fundamentally diverged from Brazil’s traditional perspective – a vision that identified “South America” as a top priority. This trend has continued ever since, and was intensified under Cardoso’s successor, Luiz Inácio Lula da Silva and subsequently under Dilma Rousseff. Over the past years, as Brazil’s economic rise caught the world’s attention, the region has firmly stood at the center of Brazil’s foreign policy strategy.

The trend of Brazil’s regional foreign policy being South America has its roots in the rapprochement with Argentina after 1985, and the Treaty of Asunción in 1991 that led to the creation of the Mercosur trade bloc (Brazil, Argentina, Uruguay and Paraguay); but it is also the result of a conscious decision taken in 1992-93, and was reinforced by the joining of Mexico in 1994 with the United States and Canada in NAFTA. President Cardoso hosted the first summit of South American presidents in Brasília in 2000; and at the third summit held in Cusco in December 2004 (during the first Lula administration), a South American Community of Nations was formed, consisting of twelve nations, including Guyana and Suriname. At the
summit held in Brasília in May 2008, the community became the Union of South American Nations (UNASUR).

The Lula administration has priority for improved relations with its South American neighbours, increased regional trade and investment and also South America’s economic and political integration. Since 2004, Brazil has led the United Nations Mission in Haiti (MINUSTAH), played a central role in the 2009 Honduran crisis, and was instrumental in the creation of both the Union of South American Nations (UNASUR) and a new forum of Latin American and Caribbean countries. Brazil’s economic performance surely played a role in the country’s enhanced regional and global quest for leadership.

This trend continues under Brazil’s current administration: President Rousseff’s first international trip as President, in 2011, was to Argentina. The last fifteen years thus stand in stark contrast to Brazilian foreign policy tradition. Until 1981, no Brazilian President had ever visited Peru or Colombia. What further facilitated Brazil’s growing presence in the region was a power vacuum as the United States largely lost interest in South America as its strategic focus
shifted to the Middle East and Central Asia in the so-called ‘War on Terror’.²

In fact, for some countries in the region, Brasília now matters more than Washington. This shift has resulted from Brazil’s long-term policy of accommodation with neighboring countries, its accelerated economic penetration of the region, and its delivery of soft-leadership goods.³

Brazil's economic growth is largely driven by both agricultural and industrial exports. It is the world's biggest exporter of sugar, chicken, beef, and coffee. Analysts agree that Brazil has the potential to produce even more agricultural exports. "No other country has such a large untapped reserve of land, water, and farmers with the technology and expertise to add value to natural resources," ⁴

Over the last decade, Brazil has played an increasingly prominent role in both hemispheric and global affairs. The examples abound: since 2004, Brazil has led the United Nations Mission in Haiti (MINUSTAH), played a central role in the 2009 Honduran crisis, and was instrumental in the creation of both the Union of South American Nations (UNASUR) and a new forum of Latin American and Caribbean countries. Brazil’s economic performance surely plays a role in the
country’s enhanced regional and global quest for leadership. 5

During the Cold War, Brazil’s relations with the United States became more problematic, in large part due to US neglect. Within the limited room for manoeuvre available to it, Brazil sought to develop an independent foreign policy, which included closer relations with other countries in the Third World. However, this was largely limited to Africa and Asia; Brazil showed little interest in engaging with the region, Latin America or South America, in which it was now clearly the dominant country in terms of territory, population and GDP. And with the notable exception of some prominent politicians and intellectuals on the Left, most Brazilians still felt little connection to, or identification with, Latin America/Spanish America.

In the post-Cold War period, Brazil has become not only more deeply involved in global affairs generally but also for the first time more engaged, both politically and economically, with its neighbours in South America and, to a lesser extent, in Central America and the Caribbean (though not so much Mexico). Brazil has begun to think of itself, and to some extent to behave, as a regional power, at least in South America, as well as a global power. Partly as a result of this, its
relationship with the United States remains extremely complex.\textsuperscript{6}

Beyond its South American “backyard,” Brazil has also played a leadership role within the greater Latin American region. The Latin American region has no dearth of regional organisations, they have ALBA, CARICOM, the Andean Pact, the NAFTA and perhaps the most successful of them all MERCOSUR.

**BRAZIL and FTAA**

Brazil today is in a precarious position. It is one of the leading world economies; it’s a representative of the global south on the inter-national stage. Brazil is one of those few countries which would actually benefit from the FTAA. However Brazil today stands on a predicament of going on with the FTAA and losing their status of a regional leader.

The business community of the country wants Brazil and US to go forward with the negotiations and utilize the goldmine of a business opportunity that lies in front of them. They fear that a step in the opposite direction would promptly turn US
towards bi-lateral trade agreements with neighbouring countries. (Johnson 2004)

The flipside of this very argument comes from economists like Paolo Nogueira Batista. According to him the Brazilian companies are not yet ready to take on their North American counterparts. He elaborates that the high interest rates, excessive taxes and pitiable infrastructure puts them at a disadvantage.

The Brazilian status in Latin America is also not uncontested and while most countries would not want to admit to Brazil as a regional leader, they do like a situation where Brazil could be portrayed as a counter weight to the US.

**BRAZIL and MERCOSUR**

In the 1991 signing of the Treaty of Asunción launched the Common Market of the South. Known as Mercosur, this regional trading bloc—by bringing together Argentina, Brazil, Paraguay, and Uruguay in an economic partnership—formed a key building block for Brazil’s quietly emerging strategy of South American leadership.
Lula’s regional policy has remained largely unchanged from that of his predecessor. Indeed, some of the central challenges held over from the Cardoso presidency have remained—most notably, an inability to stabilize MERCOSUR and change it from a fragile trade bloc that must constantly manage internal spats into a free-flowing economic area of just-in-time production chains. On a larger strategic level, like his predecessor, Lula has regarded regional involvement as a means to strengthen Brazilian industry for global competition and to establish his country as a credible actor on the world stage.

Within the Mercosur all the other countries feel threatened by Brazil’s predominant economy. Trade creation means that in a regional block due to the preferential trade setting the member countries trade with one another exclusively and on better terms which boosts their economies. Brazil’s export dependency on the Mercosur members is 13% and the import dependency is 10%. Now if there is a slump in any of the Mercosur markets this will invariably affect the Brazilian economy as well and will cause a lot of trouble there. In spite of the fact that the Mercosur
is besotted with problems and issues due to incongruence in matters there has been an increase in trade by 14% per year and the intra Mercosur trade has increased from US$ 8 Billion in 1990 to US$ 82 Billion in 1997. Brazil occupies 70% of the GDP of the Mercosur states and the rest have strong relations with Brazil.

In the Mercosur there are controversies and unsolved issues regarding the evaluation and re-evaluation of currencies. For example if Brazil decides to hike the value of its currency then it will become difficult for Argentina to export its goods as the profit margin will go down. Such problems frequently bring these two countries at loggerheads. Due to this reason the rest of the Mercosur countries specifically Argentina comments that their dependency on Brazil is not a good sign in the long run.

Brazil also harbours a number of multinational corporations, such as Embraer, one of the world's largest aerospace companies. These companies have major investments overseas, so "Brazil is learning to balance meaningful commercial
diplomacy with political diplomacy in an unprecedented way,"  

In fact late Venezuelan president Hugo Chavez reportedly said that the entire Mercosur is infested with the ideas of neo-liberalism, he saw Mercosur as a bastion of neo-liberalism which benefited the rich and not the poor. Accordingly for him the Mercosur should be more pro poor and should not call for trade liberalization that would harm the industries and workforce of the individual countries. However on the other side there has been slight disenchantment with the role of Brazil as well in terms of intra Mercosur trade.

Certain inevitable truths about the state of FTAA are that the US and Brazil and Argentina to an extent are the biggest players of the game. The others lack the territorial grounding and the economic standing to put up a fight to the three titans.

But FTAA was not purely a trade pact. It did include some social clauses quite like that in the European Union. The FTAA analogous with the
European Integration Model was supposed to provide regional aid.

**Brazil in International Arena**

Together with Russia, India, China, and South Africa, Brazil is part of the BRICS group of leading emerging economies, with significant influence on regional and global affairs. Underlying much of Brazil's activism on the global stage is a belief that it should have a more influential role at multilateral bodies like the UN Security Council, the International Monetary Fund (IMF), and the G-8 group of advanced economies. Brazil would like U.S. support in its bid for a permanent seat on the UN Security Council. It would also like a decision-making role at the IMF. "The fact you become a potential creditor makes your voice stronger," Claudio Loser, head of the IMF's Western Hemisphere Department from 1994 to 2002, told Bloomberg in April 2009. "Brazil has been pushing very hard, together with countries such as India, China and Mexico, for the fund to better reflect the importance of emerging economies."

But is the rest of South America willing to be led by Brazil? Argentina, though now a pale shadow of its former self, is Brazil’s historic rival in South America; Chile and Colombia each has a special relationship with
the United States; Venezuela, Bolivia and Ecuador have ideological differences with Brazil, are virulently opposed to the United States and support Hugo Chávez’s Alianza Bolivariana para los Pueblos de Nuestra América [Bolivarian Alternative for the Americas / Alba]). There has always existed in South America a certain suspicion of Brazilian “imperialism”, and this has intensified as Brazil’s dominance in the region has become increasingly evident in recent years.

In the past several years, Brazil has assumed a more prominent voice on global trade and energy issues. As the global financial crisis took hold in 2008, Brazil appeared poised to recover more quickly than many others mainly due to strong industrial and agricultural exports. Brazil's economic rise has led it to pursue greater influence in international forums at the same time that it fosters cooperation among countries in the developing world with "south-south" initiatives. Moreover, the selection of Brazil as host of the 2014 World Cup and 2016 Olympics has put the country in the international spotlight as the government accelerates its economic development in preparation for these events. Given its dominant role, it is no exaggeration to argue that Brazil seems destined to at least guide South America.
ENDNOTES

1 Leslie Bethell: “Brazil: Regional Power, Global Power” in In Open Democracy : Free Thinking For The World, 8 June 2010

2 Oliver Stunkel: “Is Brazil a Regional Hegemon?” Post Western World, 31 October 2013
3 Sean W. Burgs: “Brazil as Regional Leader: Meeting the Chávez Challenge”
4 Juan de Onis, Foreign Affairs, 2008.
5 Cynthia Arnson and Paulo Sotero: “Brazil as a Regional Power: Views from the Hemisphere”
6 Stunkel
7 Kellie Meiman Report from the Center for American Progress, March 2009