Panel: Is Brazil a regional power?

The rise of Brazil and its soft power strategy in South America

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Abstract:

Since 2003, parallel to the international rise of Brazil, its leadership in South America has also started to be seen as a priority. With this aim in mind, the Brazilian government has put renewed effort into building the country’s leadership in the region using the techniques of soft power and reinforcing multilateral initiatives, improving articulation with neighbouring countries in non-trade-related areas and supporting regionalisation in the continent. The aim of this paper is to analyse the leadership strategy in Brazil’s foreign policy towards South America since 2003. It argues that the Lula administration behaved differently from its predecessors by prioritising building up Brazilian leadership in South America on several different fronts, especially by strengthening regional governance. Since Dilma Rousseff’s election, there has been a waning in the political dimension of Brazil’s approach to the region. Its actions in recent times have been more development-oriented, prioritising bilateral ties with its neighbours through technical and financial cooperation, but the consolidation of regional governance is still an instrument of Brazilian leadership. Is Brazil still on the rise and is its soft power strategy still working?

1 The research reported on in this chapter was conducted with the support of CNPq/Brazil.
Since 2003, in a shifting international scenario of increasing fragmentation and the decline of the liberal world order seen in the 1990s, Brazil has taken assertive action to expand its participation in multilateral forums and debates about global political matters as part of a diplomatic strategy that envisages a reformulation of existing international institutions.

Brazil’s regional context has also proved fortuitous. Since September 11, America had neglected its foreign policy towards Latin America to make way for its war against terror. The lack of any structured US behaviour in South America was maintained even when Barack Obama took office. Meanwhile, the political and economic crisis in Argentina in the same year of 2001 weakened the country (Brazil’s historical rival for hegemony in the Southern Cone) in the regional ambit. The rise of new governments keen to reformulate the political regime as of the early years of the century further reduced these countries’ alignment with the United States. It was all these factors in conjunction that paved the way for Brazil to take an increasingly autonomous approach in the region.

This is the backdrop for the discussions that have arisen about the rise of Brazil based on a soft power strategy. In fact, the strategy Joseph Nye (2004) defined as “soft power” – of influencing the behaviour of others through the ability to attract and persuade rather than to coerce or pay – is nothing new in Brazil’s international dealings. Since the early 1900s, under different labels, it has used this kind of strategy in conjunction with two core beliefs which, combined with different interests, have marked Brazilian foreign policy: the need to build and assure Brazil’s autonomy in its foreign policy choices and development strategy, and the desire to raise its global political profile.

The aim of this chapter is to analyse the South American dimension of the Brazilian rise in international politics with a focus on the construction of Brazilian leadership in the region using a soft power strategy in a context of asymmetry. The chapter gives a brief historical overview of how this Brazilian strategy took shape in the twentieth century, followed by the construction of its soft power base in South America. Brazil’s increasing prominence in the region under President Lula and the limitations of the country’s policy for the region under Dilma Rousseff are then analysed. The concluding section analyses the continuity of Brazil’s soft power strategy for the region.

Here, leadership is understood as a country’s capacity to influence the political trajectory of a specific region through the creation of consensus using mechanisms of soft power; or, as Schirm (2010, 200) defines it, ‘the ability to make others follow goals and positions which these others did not previously share and/or to make others support an increase in status and power of the emerging power’.
Background to Brazil’s soft power strategy

In the early twentieth century, the Brazilian foreign minister, the Baron of Rio Branco, whose ideas had a major impact on the country’s foreign policy, identified a realist international scenario in which countries should defend their sovereignty and expand their relative power through material and symbolic power resources. Rio Branco argued that though material power resources were better known, symbolic ones were a good way for countries with limited means to attain greater international presence. They could be obtained regionally by fostering special relations with a rising global power (then the United States). The formulation and consolidation of foreign policy principles, which would guide the country’s behaviour, could help boost its global standing and open up new potential for international action through a mixture of convincing and persuasion. This idea gave rise to a general approach in Brazilian foreign policy which, with a few short-lived exceptions, has served as the backdrop for its soft power initiatives: the defence of legal equality between states and the sovereignty of nations; declared respect for international law; the defence of the peaceful resolution of controversies and non-intervention.

Throughout the twentieth century, other tactics were incorporated, such as harnessing foreign policy to attract inputs for Brazilian industrial development, defending the self-determination of peoples (or states), and building an image of a unique nation whose size and other social and economic features make it suitable as a bridge between poorer countries and western powers. This last “symbolic” power resource has gained priority in its international policy strategies.

As of 1945, Brazil started to consolidate the alignment of its foreign policy for the region with the United States within the framework of Pan-Americanism. However, as of 1960 any hopes of building a special relationship with the US to bolster its symbolic power regionally were abandoned, giving way to the rise of universalism. This made it possible for Brazil to forge and/or strengthen its links with countries outside the European/inter-American system and operated as an instrument for its international projection. With a broader diversity of partners, Brazil boosted its bargaining power with the USA and other global powers.

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Although the basic principles behind Brazil’s use of soft power have remained intact over the years, its foreign policy has not been uniform since the early twentieth century. Even with universalism as the new benchmark for its foreign actions, different strategies have been adopted in an attempt to raise Brazil’s international profile according to the different international contexts and the inclinations of the ruling political groups. Meanwhile, the strategy of attaining greater regional projection has taken second place.

Since the 1980s, and especially since the 1990s, with the new international context marked by the end of bipolarity and beginning of economic globalisation, Brazil has managed to balance global and regional dimensions in its strategy to enhance its global standing via soft power. This has been so marked since 2003 that it has attracted the attention of the policymakers from neighbouring countries and influenced the trajectory of Latin American regionalism.

**Building a soft power base in South America**

In the 1990s, two new and interrelated elements were incorporated into Brazil’s foreign policy. One was the idea of prioritising South America as a regional platform rather than Latin America. The formation of the Common Market of the South (Mercosur) and Mexico’s membership of the North American Free Trade Agreement – the country was a key partner in historical initiatives prioritising South America and something of a rival in terms of influence in the region – opened new prospects for the Brazilian government. In 1994 (the same year as the First Summit of the Americas in Miami) the Itamar Franco government (1993-1994) formulated a project for a South American free trade area. The idea was to expand Mercosur to include all the region’s nations. The project ultimately failed, but it sowed the seeds of new reflections about the region.

During the Fernando Henrique Cardoso years (1995-2002), Brazil’s regional strategy gained new impetus and became more clearly integrated with its global projection strategy. The government started to see other South American countries more clearly as partners and realised that Brazil would need to strengthen its position in multilateral institutions to harvest the fruits of its growing development. Taking the western values divulged by international institutions as given, Brazilian diplomats began to review the country’s behaviour towards the region, which had thus far been guided by the ideas of non-intervention, and sought to construct its leadership in the area through a
combination of Mercosur-based integration, regional security guaranteed through
democratic stability, and the development of regional infrastructure.

Cardoso was keen to build what Burges (2009) has called consensual hegemony,
based on articulation with different countries. However, the structuring of regional
governance did not seem an easy task because of the differences between Brazil and
Argentina’s views on South America and what role the United States should have in the
region.

One year that was a milestone for the growth of Brazilian soft power in the region
was 2000. In 1999, Mercosur was shaken to the core when the Brazilian currency was
devalued. There were serious knock-on effects in the Argentine economy, prompting an
immediate backlash by the Menem government, which introduced customs duties against
Brazilian goods. Trade, thus far the keystone of Mercosur, ran into choppy waters, and the
ensuing accusations and mistrust have never been overcome. Meanwhile, talks for the
formation of the Free Trade Area of the Americas (FTAA) were also running out of steam,
and the United States started pursuing bilateral agreements. The Cardoso government was
very keen to boost trade with other countries in the region (buyers of Brazilian manufactured
goods), but this was hampered by the state of the region’s infrastructure. Progress in the
regionalisation process – a prerequisite for Brazilian leadership – was severely curtailed.

Cardoso then called a meeting of all the presidents of South America in the Brazilian
capital, where he revived the idea of South America that had first been envisaged a few years
earlier. The main topics on the agenda concerned economic integration and infrastructure,
along with the importance of defending democratic regimes. The Initiative for the
Integration of the Regional Infrastructure of South America (IIRSA) was created, with
the idea of investing funds from the Inter-American Development Bank and regional
funds. However in practice, as it initiated, co-opted and persuaded the other countries to
adopt unprecedented positions, the Brazilian government sought to build a consensus
around democratic stability and infrastructure expansion, and to set the groundwork for
the creation of a South American community of nations. The foreign minister and
academic, Celso Lafer, reflected Cardoso’s position at the time when he said, “South
America is our diplomatic circumstance”4.

Brazil’s rise with Lula

The election of Lula da Silva (2003-2010) changed the face of Brazil’s foreign policy. The faith entrusted in international regimes during the Cardoso government was replaced by proactive efforts to change them through persuasive tactics designed to favour countries from the global south and/or Brazil’s own interests. The idea of gathering together other southern nations, both poorer and emerging, in a bid to offset the power of traditional western nations was the springboard for Brazil’s new international approach. While coalitions with emerging partners were seen as a means of leveraging its global actions, there were also efforts to establish individual international leadership, with the idea of Brazil the global player being founded strongly on ideas of autonomy and universalism. As it engaged in building a new political order, Brazil gave precedence to anti-hegemonic, multi-polar positions (Gratius, 2011).

Alongside raising its international profile, acquiring leadership in South America became another priority for Brazil. From the Brazilian perspective, these dual objectives were complementary and could be pursued simultaneously. Policymakers saw closer ties with neighbouring countries as a means of boosting Brazilian development and building a bloc with a stronger international voice. This approach to South America received political support during the Lula years and tied in with the objectives of developmentalists, autonomists from the diplomatic corps, nationalist geopoliticians, and a pro-integration epistemic community that included political players from the Workers’ Party and academics who supported regional integration.

The Brazil that Lula inherited was marked by political stability and economic growth, exacerbating the asymmetry between it and its neighbours. In terms of its economy policy, the government first maintained the features of liberalism it had inherited from its predecessor, then gradually started to introduce elements of developmentalism such as infrastructure building. Economic growth went hand-in-hand with social inclusion. In this context, and in a bid to respond to domestic circumstances and this new regional balance (or imbalance), the Lula government’s foreign policy

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5 The autonomists form a school of thought within the Brazilian Foreign Ministry that defends Brazil’s taking a more active, autonomous stance in international politics and assertive leadership in South America. See Saraiva (2013).
6 Ideologues with a geopolitical viewpoint who defend regional integration around Brazilian leadership and interests, who had an influence on foreign policy for the region or who took part in government agencies. For example, see Costa (2003).
prioritised building a South American order under Brazilian leadership, with Brazil taking key responsibility for the integration and regionalisation process.

The government consolidated its soft power initiatives with a combination of bilateral deals and reinforced multilateralism. It prioritised the coordination of regional leadership with boosts for Brazilian economic development, and geared its actions towards finding consensuses between different parties and determining how to respond to the different issues affecting the region, rather than traditional economic integration structures. The success of Brazil’s socioeconomic model during the Lula administration prompted its adoption in other countries through examples and technical assistance.

The Brazilian government made some important tactical moves domestically in order to garner political support for Brazil’s leadership goals in the region, resulting in a coalition that supported its taking on some of the costs of South American integration.

The Brazilian government’s strategy was two-pronged. First, it took initiatives within Mercosur, as an inner circle. In formal economic terms, the bloc is an incomplete customs union of an intergovernmental nature, but in practice it is an asymmetric integration process marked strongly by bilateralism. This feature of the bloc has enabled Brazil to maintain relations of different natures with each of its member states.

The initial idea of making a bloc to encourage integration, especially trade integration, was modified. In the economic sphere, the Brazilian government sought to maintain a balance within Mercosur that favoured infrastructure development projects and industrial expansion. In terms of social integration, there was a good degree of integration and cooperation within the bloc, especially between Brazil and Argentina, as evidenced by the interaction between their respective ministries in the fields of education, culture, energy and agriculture. With the formation of the Mercosur Parliament, new prospects for more comprehensive integration took shape.

Brazil gradually took on the costs of making the bloc more cohesive by creating and implementing the Structural Convergence Fund for Mercosur (Focem), 70 percent of whose funds being contributed by Brazil\(^7\). The bloc also expanded its borders as agreements were signed for Peru, Ecuador and Colombia to be associate members, while Venezuela applied for full membership.

\(^7\) The Focem was created with an initial fund of US$100 million a year, in order to invest in project of infrastructure inside the bloc (80% addressed to Paraguay and Uruguay). The funds have been progressively increased. See [http://www.mercosur.int/focem/](http://www.mercosur.int/focem/)
The bloc was an important mechanism for Brazil to manage its relationships with its Southern Cone neighbours, especially Argentina. But the construction of autonomous Brazilian leadership in the region and the growing asymmetry between the two countries both economically and in terms of their regional influence frustrated any expectations Argentina may have had of sharing leadership. Brazil’s increasing international presence yielded new opportunities for its diplomats to operate in different multilateral forums without the presence of Argentina, and did not bring any benefits for Mercosur.

South America was the other geographical sphere of action for Brazil. The consolidation of the South American Community of Nations in 2004, and its transition to the Union of South American Nations (Unasur) in 2008, was where Brazil focused most of its diplomatic efforts. Unasur was unlike the other regional initiatives, which followed classic patterns of integration and became an important instrument for structuring regional governance⁸. The organisation incorporated new topics, such as political dialogue, energy integration, South American financial mechanisms and asymmetries. It adopted a post-liberal model of regionalism, with the political dimension gaining priority and the countries maintaining autonomy to decide on their respective development strategies since the benefits of integration and cooperation were asymmetrical. Based on this type of regionalism, strictly commercial integration ceased to play a major role⁹.

This demonstrates both the changes in the regional pattern of integration and cooperation and, more specifically, the ramifications of the expansion of Brazilian technical and financial cooperation initiatives in the region’s countries.

Brazil’s actions in this area were not, however, free of tensions. Its position was challenged by social demands and developmentalist-oriented economic strategies in some of its neighbours, which called for it to shoulder the full economic burden of regional cooperation. Meanwhile, Brazil’s plans to build a regional power structure and have a regional response to international policies were met with mistrust. Its neighbours saw its plans to gain greater international stature as more self-serving than actually benefitting the region. This put a premium on the cost of its regional leadership.

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⁸ According to Nolte (2011), regional governance refers to a set of regional organisations and principles and rules designed to regulate the behaviours of states, as well as the process of creating such organisations and principles, which contribute to resolving problems in the region and foster greater benefits in intra-regional relationships.

⁹ Motta Veiga and Rios (2007) call the model of regionalism established in the region in the 2000s as post-liberal regionalism, which differs from commercial integration in that it highlights political aspects, regional asymmetries, physical integration, and greater political coordination between the region’s countries; with Brazil being understood as gradually taking on the costs of the integration process.
However, it was only at the end of Lula’s first term in office, with Brazil’s acceptance of the Bolivian government’s nationalisation of Petrobras’s natural gas reserves in the country, that the Brazilian government’s willingness to take on some of the costs of South American regionalism became clearer, to the detriment of the country’s short-term interests. With this, traditional resistance to shouldering the cost of collective regional assets, dubbed a “highly cost-averse leadership style” by Burges (2005), was overcome.

Institutionally speaking, while Unasur has a strictly intergovernmental nature that has assured Brazil a degree of autonomy from its partners in the organisation and in its plans to project itself as a global player, it also has a complex institutional design. Economically speaking it is post-liberal in style, and as it is not formally committed to any specific regional integration model and does not fit into any of the traditional free-trade-oriented economic integration formats, it can embrace different sub-regional initiatives, such as Mercosur, the Andean Community, the South American part of the Bolivarian Alliance for the Peoples of our America (ALBA) and the newly formed Pacific Alliance, whose South American members are Colombia, Peru and Chile.

With such a flexible format, Unasur gradually aligned the behaviour of the region’s countries in different sectorial issues. It proved important in responding to crises in the continent, whether of a domestic political nature (such as in Bolivia) or over borders (e.g. Colombia/Ecuador and Colombia/Venezuela). It also became the main channel of multilateral action through which Brazilian diplomats acted in order to build up common positions with Brazil’s neighbours to assure regional stability.

The development of regional infrastructure was also incentivised. Its administrative entity, IIRSA, was incorporated in 2010 by COSIPLAN (South American Infrastructure and Planning Council). Regional investments in infrastructure financed by the Brazilian Development Bank (BNDES) and executed by Brazilian companies grew during the period, leveraged by IIRSA/COSIPLAN. In this case, the Brazilian government adopted a traditional instrument of hard power: regional investments in infrastructure dependent on the hiring of Brazilian companies. By the end of Lula’s second term, a good portion of the funds invested in infrastructure in the region were

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10 Unasur has 12 sectorial sub-committees which enable closer cooperation in different areas between government agencies from different South American countries.
11 The 1988 Brazilian constitution restricts the loaning of BNDES funds to foreign companies abroad.
coming from BNDES\textsuperscript{12}. As a backdrop, these initiatives reinforced the Brazilian development model and were largely oriented towards projects either in Brazil or not necessarily linked to infrastructure development.

In the field of defence, the diplomatic crisis triggered by the Colombian air strikes on Ecuadorian territory prompted the Brazilian government to suggest the creation of the South American Defence Council (Dabène 2012). Meanwhile, the Lula government’s national defence strategy (2008) was geared towards the development of the national arms industry, and the prospect of building weapons factories in the region had significant weight in the Brazilian government’s decision. The council was therefore created in 2009 with the aim of articulating both the region’s defence policies and the manufacture and exchange of weapons, while also placing Brazil at the centre of the regional security agenda.

Parallel to Unasur, the diplomatic corps under Lula introduced a complex cooperation structure between the region’s countries, giving priority to technical and financial cooperation. Technical cooperation started to be introduced in sectors such as education, agriculture, science and technology and health, boosting coordination with other countries in the region in non-commercial areas and the overall regionalisation of the continent.

The Lula administration made clear diplomatic efforts towards Unasur, pushing the Rio Group into a secondary position. However, towards the end of Lula’s second term, Brazil joined forces with Venezuela to propose the creation of the Community of Latin American and Caribbean States (CLACS) in an effort to counterbalance US power. The idea was to institutionalise the Rio Group and pave the way for a wider Brazilian presence throughout Latin America in the future. But in effect this did not come about before 2011\textsuperscript{13}.

The legacy of the Lula government, inherited by a government from the same party, was a country on its way towards becoming a global power and with the foundations set for regional leadership. The division of the Brazilian soft power strategy between Mercosur and Unasur did not lead to problems of overlapping organisations or

\textsuperscript{12} Its budget exceeded that of the Inter-American Development Bank for the region.

\textsuperscript{13} The one significant exception is Brazil’s leadership of the peacekeeping forces and aid efforts in Haiti. This links the country’s regional strategy (leading troops from other countries in the region).
questions of loyalty. From Brazil’s point of view, both cooperation/integration initiatives went towards strengthening regional governance under Brazilian leadership.\textsuperscript{14}

**Dilma Rousseff: reversion of Brazil’s rising presence and soft power strategy?**

Since she was elected president, Dilma Rousseff has sought to maintain her predecessor’s foreign policy: a revisionary approach to international institutions, an active stance in multilateral forums as a representative of southern countries, and an orientation towards the South American dimension. The group of autonomists remains strong, holding key posts in the Foreign Ministry, and the developmentalist tendencies have been reinforced. However, presidential diplomacy has dwindled and the political will demonstrated by President Lula to articulate visions favourable to the construction of regional leadership has not been continued. Concerning its foreign policy, the focus on South America has been supplanted by a more global south-oriented approach. With Dilma Rousseff as president, the political dimension of Brazil’s actions in South America has declined; the initiatives are more pragmatic and have a lower political profile.

In the realm of Mercosur, economic integration is being hampered by trade disagreements. Barriers against Brazilian exports have not been lifted, and nationalization measures taken in Argentina are warding off Brazilian investments in the country. The Rousseff government seems less inclined to make concessions to its main partner and the bickering in the economic field is unlikely to be resolved in the short term. Venezuela’s membership has also embroiled the trade dimension, since the country has proved unwilling to adapt to the requirements of the common external tariff.

Little progress has been made in the institution of the Mercosur Parliament, and the adoption of its constitutive treaty has been postponed (MALAMUD and DRI, 2013). The crisis in and temporary suspension of Paraguay and the entry of Venezuela have both hampered progress in this direction.

In the political field, however, the increasing alignment of Brazil and Argentina’s positions has gone a long way towards making up for their economic differences. The Brazilian government is still keen to maintain close cooperation with Argentina to curb the

\textsuperscript{14} Malamud and Gardini (2012, 122) have highlighted a scenario in which there is overlapping (or multilevel) regionalism, resulting in the coexistence of different kinds of regional integration, which could trigger stalemates between the institutions created as part of these initiatives, leaving the states subject to conflicting loyalties.
resurgence of any kind of rivalry that might damage Brazil’s soft power strategy in the region. Early in the Rousseff government the then three Mercosur partners acted together in response to the political crisis in Paraguay, resulting in its being suspended temporarily from the bloc, as well as surprisingly accepting Venezuela as a full member. However, when Venezuela itself experienced political upheavals, Mercosur did not react, and it was Unasur which made moves to resolve the issue.

Internal differences aside, Mercosur has continued to aspire to expansion. Since Venezuela joined, Bolivia has also applied for entry as a full member without giving up its membership of the Andean Community, further complicating the workability of the common external tariff. Guiana and Suriname have signed association agreements, setting the groundwork for the formation of a free trade area covering the entire subcontinent. This expansion, along with difficulties in implementing the common external tariff, have made Mercosur more similar to Unasur. Equally, it also begs questions about how a larger Mercosur will interact with the countries from the Pacific Alliance.

In the South American dimension, Unasur remains Brazil’s primary point of reference in responding to crisis situations. When Venezuela entered a period of political turmoil, there was a consensus around a weak initiative that has not yet yielded results. Brazil’s tradition of non-intervention, its difficulty in building leadership in an area where there are differences about the best form of government, the fact that leaders from the Workers’ Party have continued to hold sway in the government’s response to crisis situations in the region, and the president’s lack of interest in putting any effort into building any substantial consensus has hampered Brazil’s capacity to fulfil its role as leader.

The Brazilian initiatives in the South American Defence Council, created on the initiative of the Lula government, and in other of the organisation’s committees are effectively on hold. Brazil’s actions are more connected with developmentalism, prioritising bilateral ties with neighbours through technical and financial cooperation, while investments per se have declined. The Brazilian economy is going through a testing time and any calls to have the country cover the costs of regional cooperation are not seen in a good light by the government. The prospect of building economies of scale

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15 Coinciding with the 1993 project for the FTASA put forward by the Itamar Franco government.
16 Article in Folha de São Paulo – América do Sul perde fatia nos investimentos externos do Brasil, 3 August 2013, Mercado 2 supplement, p.5 reporting that the South American share in Brazil’s total foreign investments fell from 14.3% in the first half of 2012 to 5.7% in the same period of 2013.
is not on the agenda of the Brazilian private sector. Nevertheless, even soft power must be backed up by concrete resources.

To exacerbate matters, while Brazil counts on support for its global aspirations from its Unasur partners, it is unwilling to accept any kind of restriction on its autonomy of action, either globally or regionally, thereby raising the cost of its leadership to levels the new government seems unwilling to meet. In practice, the positions of the region’s countries on multilateral forums have not coincided.

CELAC was formalised in 2011, but did not receive any attention from Brazilian diplomatic circles. The responses to the impeachment of the Paraguayan president in 2012 and the political upheavals in Venezuela were coordinated by Unasur, with CELAC playing no significant role. Alongside the greater difficulty of CELAC in accommodating the differences between different Latin American countries, the fact is that it overlaps with Unasur, and Brazil’s primary loyalty is to South America.

Nevertheless, regionalisation is still underway. The coordination between South American countries started during the Cardoso years and Brazil’s ties with its neighbours through technical and financial cooperation are established facts and have penetrated different spheres of government, giving Brazil’s actions in the region a long-term nature. In practice, the Lula administration’s strategy of building regional leadership has been replaced by tactics geared towards the expansion of developmentalism and containment of risks.

**Particularities of Brazil’s behaviour in the region**

Brazil’s soft power strategy in South America has been different from that of other players keen to build up or maintain a degree of leadership in the region.

Venezuela is the country that has played the most decisive role in shaping a new regional structure, defending different positions from Brazil. ALBA has emerged as an alternative to the US-backed FTAA, which would cover the whole continent. It is primarily political in nature, and proposes to form a common identity between countries with similar political ideals and economic development strategies (i.e. anti-liberal ones). As Venezuela is also a Caribbean nation, its sphere of influence ranges beyond South America to include Latin America and the Caribbean. It has thus far acted as ALBA’s

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17 One exception to this was the election of Roberto Azevedo to the World Trade Organisation.
paymaster, using a mixture of soft power resources (political influence) and hard power mechanisms (subsidised oil and other kinds of economic aid). ALBA operates through joint state companies and joint projects for countries with more limited financial means.

Venezuela’s entry to Mercosur and the suggestion of creating a more substantial Community of South American Nations, transmuting into Unasur, were attempts to reshape regional governance not through consensual actions, but through closer ties (differences respected) between countries with left-wing governments. As they are ad hoc, these moves have not effectively regionalised the South American continent and have only had limited success with a few allies (such as Bolivia and Ecuador). The creation of CLACS is a way of working together with Caribbean nations, historically under Venezuelan influence. Brazil’s position has always been to include Venezuela under its soft power influence and bring it under the wing of South America and Unasur. More recently, with the death of Hugo Chávez and the election of Nicolás Maduro, ALBA – the instrument of Venezuela’s soft power actions – has been sidelined.

The United States, for its part, has a history of hegemony in its dealings with Latin America, but has always had less of an impact on South America than it has on Central America and the Caribbean. In the inter-American system led by the Organization of American States, the USA has combined soft and hard power tactics in a context of prioritised bilateral dealings to the detriment of regional entities. The absence of a regional policy for the whole inter-American system reinforced by the formal end in 2005 of negotiations for the FTAA demonstrate the limits of US influence in South America. Despite the efforts after the Miami Summit of 1994 to form liberal-oriented regional governance, the initiative was short-lived and in practice did not further the regionalisation of the Americas as a whole. Brazil’s position in this context has been to offset US hegemony wherever possible without causing friction, and to operate autonomously in South American matters.

Meanwhile, China is forging ever closer ties with certain countries in the region. These are mostly of an economic nature (trade and investments), and should therefore be classified as manifestations of hard power. It has a select group of political partners, but does cooperate with Brazil in membership of the BRICS group. Dialogue between China and countries from Mercosur was begun in 2012. South American countries’ trade dependency on China has grown quickly and bilaterally, and there is no coordinated regional response. Persuasion and consensus are not part of China’s arsenal in the region,
where it does not favour either the progress of regionalisation or the construction of regional governance.

Meanwhile, Brazil’s strategy is sustained by two key elements. First, its quest for leadership has in different situations contributed to the formation of consensus in a region where political differences persist. Secondly, Brazil’s efforts to build a form of regional governance capable of accommodating differences has resulted in progress in regional cooperation processes and strongly encouraged the deepening of regionalisation.

**Prospects for continued Brazilian soft power in the region**

Since the meeting held in Brasilia in 2000, Brazil has clearly opted for partnering with its South American neighbours. Despite being an important trade partner, Mexico is structurally bound to the United States through NAFTA. Also, Brazil’s soft power resources are limited, and Central America and the Caribbean are much closer to the United States’ sphere of influence. Their differences aside, the last three Brazilian presidents have all seen South America as an arena in which Brazil has the potential to expand through trade and investments in infrastructure, whose countries have geographical similarities and could share a regional governance structure capable of encouraging new standards of consensual behaviour, thereby, despite the evident limitations, bettering Brazil’s chances of attaining greater global projection.

During the Lula administration, Brazil’s soft power initiatives were driven by both domestic and foreign factors. However, the combination of a favourable international scenario, economic stability in Brazil, and the rise to power of a government like the one headed by President Lula, which invested heavily in diplomatic efforts both regionally and internationally, may now be consigned to history. Since Dilma Rousseff took office, the Brazilian economy has floundered and the country’s foreign policy has shifted away from regional interests towards a more global perspective. But two key elements still indicate a degree of continuity.

Firstly, as far back as the Baron of Rio Branco’s symbolic power resources, Brazil’s foreign policy has been marked by the expectation that it will attain international standing through the mechanisms of soft power. This has become a hallmark of the country’s identity abroad since it was formulated in the early twentieth century, and although it may be adapted to specific circumstances, it is unlikely to change substantially.
Secondly, Brazil’s soft power in South America has quite different features from the actions of other players. It has contributed to regionalisation in the continent and to the development of a regional governance structure that includes all countries, and it involves different governmental actors. It may vary in intensity and focus in response to economic circumstances or the domestic political climate, or in the mid-term even extend to Central American and/or Caribbean countries, but it will be maintained as an inherent feature of Brazil’s foreign identity and its behaviour towards neighbouring countries.

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