Regional and Local governance within a Global space: 
An empirical case study of Inter-oceanic Highway in South America

Taeheok Lee¹ 
Ph.D. Candidate 
Department of Politics 
The University of York, the UK 
taeheok.lee@york.ac.uk

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Abstract

This paper argues that there is a lack of public input in the process of regional integration efforts even among centre-leftist governments in South America. According to the existing literature on new regionalism, one of the distinctive features of regional governance is the different range of actors (international/national/local) involved in affecting the regional mapping as compared to that of old regionalism. In order to understand the changing context of South American regional integration, our analysis requires a focus on the following two factors: the historically-embedded societal structure – referring to society-based structure that has been shaped by history – and the increasing presence of China in this region. Specifically, this paper highlights China as a new superpower entering this scene to displace the U.S. which used to be the sole actor in this region. It argues that despite this changing context and the rising power of China, it has not had a major impact on increasing public input in regional governance. This paper finds that there is significant ‘continuity’ in the lack of public engagement at the level of regional projects in South America, even when leftist governments are in power.

Keywords: Regionalism, South America, Logistic Competitiveness, Inter-oceanic Highway, China, and Brazil

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Regionalism is one of the key buzzwords that re-emerges in the arena of international affairs in the post-Cold War era (Soderbaum, 2002, Breslin, 2002, Fawcett and Hurrell, 1995, Gamble and Payne, 1996, Breslin and Higgott, 2000, Hettne, 1999, Hettne et al., 1999, Grugel, 2004). Old forms of region-building mechanisms have been refashioned, reconfigured, and/or re-illuminated into new forms. This has chiefly been because the external context (i.e. the end of the Cold War) has changed. In line with this, the study of regionalism has been categorized in terms of old regionalism and new regionalism. These categories are based on analysis of historical change. In academic circles the theoretical division of old regionalism and new regionalism tends to be widely accepted and used (Hettne et al., 1999, Söderbaum and Shaw, 2003). This applies to Latin America as a region.

One of the characteristics of regionalism is local actor involvement. It will be argued here that the degree of local actors’ involvement in the procedure of regional projects has remained constant in Latin America from old regionalism to new regionalism. In fact, the literature appears to overstate the degree of change that has occurred in terms of what is meant by “actor-ness”, which is a concept that this study establishes as dealing with the characteristics of regional studies. In this context, actor-ness is a set of different levels of actors – international/national/local - who are involved in and/or affect the decision making process at the regional level of projects and policies. This study specifically explores the local level of actor-ness, which refers to the extent of public participation, public representativeness and input into the process of policy and project making at a regional level.

In short, this study explores the nature of new regionalism, and asks to what extent Latin America’s status as a special case has been sufficiently investigated. This particularly applies in the realm of levels of public input (representativeness) in South America. This argument is elaborated here with particular reference to the regional projects and policies of the ‘Initiative for Integration for Regional Infrastructure in South America’ (IIRSA), which is a subsidiary organization of the Union of South America (UNASUR).

To understand the dynamics within which this regional integration project takes place, this paper aims firstly to find where this research can be situated under the auspice of studies of regionalism. By mapping the space in which the research is located, the second section sets out to a short introductory section mapping the evolution of Latin American regionalism, with special focus on the IIRSA of the UNASUR. In this section, furthermore, an empirical case of IIRSA will be explored, particularly in relation to the Inter-oceanic Highway. The third

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2 See in the following table 1: typology of regionalism
section then turns its attention to two explanatory variables: historically embedded societal structure as a domestic factor, and role of internationally active actors including China. Subsequently, this paper concludes by considering that the importance of the nature of Brazilian political elites even among leftist government who are proactively engaged with a level of regional and global political economy in understanding the limited nature of local input.

**Understanding Regionalism, with Special Reference to Latin America: Old regionalism vs New regionalism**

Explicitly and in some sense implicitly, regionalism-interested researchers in world politics agree that there are two parts to regionalism; one is old regionalism and the other, new regionalism. Many scholars believe that the mid-1980s and beyond have acted as a watershed period, in which a shift occurred between new and old regionalism, coinciding with the rise of the notion of globalization and the collapse of the bipolar world system. Thus, to reflect the fact that the context has changed, there has been a visible change in the analytical framework used to understand the world. In this vein, Hettne (2005) argued that the shift from old to new regionalism produced ontological (object for study) and epistemological (way of studying) changes in relation to region-related scholarship as a whole. He further asserted that “the new regionalism must be seen as a new political landscape in the making, characterized by several inter-related dimensions, many actors (including region itself) and several interacting levels of society” (Hettne, 2005).

The division of regionalism into the binary categories of old and new has provided the analytical framework that is the foundation for this research. Given the different characteristics of old and new regionalism, their dimensions can be categorized as 1) International Context 2) Security 3) Trade 4) Actor-ness. In this dimension, firstly, old regionalism is characterized as a component of a Bipolar / Cold War power structure, whereas new regionalism is part of a Multi-polar (Globalized) / post-Cold War world, in the realm of International Context. Secondly, old regionalism is characterized as a priority, whereas new regionalism is less prioritized in the realm of security, particularly in terms of military security. Thirdly, old regionalism is Closed Regionalism (Intra-regional oriented), whereas new regionalism is Open Regionalism (Inter-regional trade focused), in the realm of Trade. Lastly, old regionalism concerns the State (and is state-centric), whereas new regionalism has multiple levels of actors involved in the realm of Actor-ness. With this narrative form, the following table demonstrates the characteristics of old and new regionalism, respectively
according to the dimension of regionalism (Hettne et al., 1999, Söderbaum and Shaw, 2003)

<table>
<thead>
<tr>
<th>Dimension (category)</th>
<th>Old</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Context</td>
<td>Bipolar / Cold War Power Structure</td>
<td>Multi-Polar (Globalization) / Post Cold War</td>
</tr>
<tr>
<td>Security</td>
<td>Priority</td>
<td>Less Prioritized</td>
</tr>
<tr>
<td>Trade</td>
<td>Closed Regionalism (Intra-regional oriented)</td>
<td>Open Regionalism (Inter-regional trade focused)</td>
</tr>
<tr>
<td>Actor-ness</td>
<td>State (state-centric)</td>
<td>Multiple levels of actors involved (non state actor: civil society, private companies, etc)</td>
</tr>
</tbody>
</table>

This simplified table, which is reformulated based on existing literature on regionalism, works as an underlying framework and provides the starting point for this study. In short, as shown in Table 1, the study of regionalism has been divided into two realms according to its characteristics, and is based on historical change. One is old regionalism and the other, new regionalism. While this study is largely adopted in this typology, a tendency towards generalization in the literature leads to questions about the extent to which this is applicable to the Latin American case, particularly in the realm of (local level) actor-ness, which is denoted by levels of public input (representativeness). This is the most important point of departure for this study, particularly in terms of its analytical contribution. That is, existing studies of regionalism have an element that is less applicable for Latin American regionalism in the realm of actor-ness because this study argues that at the prima facie, multiple levels of actors seem to be involved in shaping the regional projects and policies; however, de facto, the characteristics of old regionalism still lingers on in this particular dimension: actor-ness. While this fundamental argument will be explored and analyzed throughout this study, the following sections will provide a general understanding of Latin American regionalism, with special focus on the 21st century of new regionalism.

**The 21st century New Regionalism of Latin America**

During the 1990s, regionalism was reconfigured according to its international context. Latin American regional integration schemes were reactivated in the process of re-launching older sub-regional entities in Central America and in the Andes, along with new initiatives in
North America, such as NAFTA, the Southern Cone, and MERCOSUR (Dabène, 2009). Thus, Free Trade Agreement of America (FTAA), which aimed to eliminate or reduce the trade barriers among all countries in the Americas besides Cuba, was proposed for targeting the set deadline of 2005. All of these regional institution schemes (to some extent MECOSUR also) can be largely encapsulated under the heading of ‘open regionalism.’ Open regionalism is mainly an economically-founded concept, and is not discriminatory towards non-member countries. Thus, this idea is associated with neo-liberalism. Since the beginning of the 21st century, the idea of Bolivarian aspiration re-emerged with the appearance of ‘Pink tide,’ which represents an emergence of the (centre-) leftist governments in Latin America, particular in South America. As Phillips (2000) and Lee (2011) rightly point out, crisis or threat perception (i.e. failure of neoliberalism which links with financial crisis and widening gap among peoples and the U.S. pan-Americanism through FTAA) suggests that the consequence of these incidents would act positively for the articulation of regional identity. This is linked with the notion of “cognitive cohesiveness,” which is associated with the new emergence of regional integration-related aspirations in Latin America, particularly in the South American region. Thus, this leads to a crucial redefinition of the nature and orientation of contemporary Latin American regionalism (Phillips, 2000, Lee, 2011). In this spirit, new regional institutions have emerged for the purpose of presenting alternative models for economic and socio-political cooperation, such as the Union of South America (UNASUR).

It appears that UNASUR was developed during a period of exceptional multi-level instability. This study views the establishment of UNASUR as a byproduct of the process of weaving webs of global actors (i.e. in the emergence of China as a new global power in the context of the diminishing influence of the U.S. upon the Latin America region), and of shifting domestic political arenas: the re-emergence of powerful mass movements, which have resulted in bringing left-wing political parties into power. In fact, UNASUR, which was for all effects and purposes a new incarnation of a South American Community of Nations (SACN), was established in 2006 under the leadership of Brazilian Lula government with the endorsement of other (mainly leftist) member countries. Briceno (Briceño-Ruiz, 2010) has argued with respect to the transformation of SACN into UNASUR that this showed the development of regional governance, emphasizing the importance of the Cochabamba

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3 For the purpose of this study, cognitive cohesiveness is understood and defined as a vital mechanism that generates and also shapes a region idea by sharing a common history, culture and identity/perception.
Declaration, in Bolivia, in 2006. In that declaration, while the key tenants of SACN remained the same, the South American integration agenda was enlarged to include issues such as overcoming asymmetries, which were largely associated with a South American social contract (i.e. infrastructure for the connection of the peoples of the regions, cultural identity, and social participation, etc) (Briceño-Ruiz, 2010:220). Therefore, this proposed idea has been eventually inscribed and embedded in the constitutive treaty of union of South America in 2008.

To reiterate, while the idea of institutionalizing UNASUR as an analogous institution to the EU still remains to be made manifest, the geo-political map of post-hegemonic regionalism is associated with the post-neoliberal era. Post-neoliberalism, which denotes the ‘return of the state’ with the emphasis of new mechanisms for social inclusion and welfare, tends to situate UNASUR as an alternative regional construction and model of governance (Grugel and Riggirozzi, 2012, Riggirozzi, 2011). In this vein, this study acknowledges the spirit of the post-neoliberal aspect resided in this new regionalism type of UNASUR. In its analytical purpose, this study mainly focuses on the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) program under the umbrella of UNASUR to see whether and how regional integration efforts via the IIRSA program are intended characteristics of new regionalism, particularly in the realm of public input (representativeness) of actor-ness. As will be further examined below, it seems that the IIRSA program, which aims to optimize the regional geographical features via effective regional infrastructure, might be controversial because the calculations of international investors are prioritized over the interests of local actors.

**IIRSA as a new initiative for the South American integration**

Phillips (2003b) argues that there is an increasingly complex relationship between regional and domestic political economy rather than direct engagement of the ‘nation writ large’ framework in the process of regionalism in the Southern cone of Latin America (Phillips, 2003b). This paper views this claim as valid in the sense that there is a notion of reconfiguration in relation to regionalism because non-state and market-driven dynamics have more impetus than that of state-led ones, for the progressiveness of the sub regional project, particularly Mercosur. However, one half is relevant and the other is not appropriate for sub-regionalism, particularly IIRSA. In other words, this research highlights the limitations of non-state actors’ participation, particularly local residents, and instead argues for the distinctive characteristics of left wing governments in South America with the
adoption of neo-liberal institution, which need to be taken into account in examining sub-regional governance, with special attention to IIRSA. More particularly, Brazilian (political elites’) national economic and geopolitical interest-based engagement with regional integration needs to be underlined, in shaping of the sub-regional formation, specifically IIRSA. The formation of IIRSA and its procedure will be filtered and analyzed with this analytical perspective at front/the fore.

All twelve presidents of the South American region and two regional bank presidents (i.e. IDB, CAF) gathered and embarked on IIRSA in September 2000 (Communique of Brazil). As shown in the inter-governmental official document, The Brasilia Communique, IIRSA was initiated by a Brazilian leadership, with the celebration of 500 years since the ‘discovery’ of Brazil. This is a critical element which demonstrates that Brazil initiated and made an effort of promoting a state of “South-Americaness” (Couto, 2007:1). In other words, Brazil’s geo-political and economic interest has been revealed in the vein of its diplomatic apparatus.

In practice, according to the Brasilia Communique, during the 2000 first meeting of South American presidents, several agendas were included: democracy; commercial integration; illicit drugs and connected felonies; information, knowledge and technology; and, physical infrastructure integration. In order to address and implement this last agenda, the IIRSA was proposed and created with the full support by the twelve presidents’ political will of South America. Along with the Brasilia Communique, with particular attention to articles 39 and 44 which were articulated with the elements of regional integration including areas of integration (i.e. energy, transportation and communication), the following annex - “Plan of Action for the Integration of South American Infrastructure” - was prepared and presented by a regional development bank, Inter-American Development Bank (IDB). As the procedure to prepare for an official document to be presented in the particular inter-governmental meeting, all documents were previously circulated in order to obtain consensus and ultimately attain the mandate at the highest authority.

De facto, this Plan of Action was re-articulated in the immediate following meeting among Ministers of Communications, Transportation, and Energy from twelve South American countries, held in December of that same year so as to follow up agreements of the first presidential meeting. In this Plan of Action, there are two components: 1) programmatic framework as a basic action for this Plan 2) the mechanisms for the implementation of the Plan and follow-up monitoring. While the first component of this proposed Plan of Action consists of ten core guiding principles, the following two principles are designed to include
the local population into this regional level of projects.

Article 7: Pursue regional integration projects that can raise the standard of living of local populations and offer them new opportunities.

Efforts should be made to have infrastructure projects generate as many local development impacts as possible, and not simply serve as corridors linking major markets.

Article 8: Construct mechanisms that promote participation and consensus.

In developing and selecting projects, mechanisms should be devised to give an effective voice to affected communities, and the private sector, which may wish to fund, construct, and operate such ventures.

<Source: excerpted from Plan of Action of IIRSA>

This paper views that these above two articles are particularly interesting and significant factors, which reveals that the IIRSA, from the beginning, has demonstrated and considered the local population’s interest and their participation to be included in this regional level of developmental infrastructure projects.

Another crucial document leading to embarking and orienting the justification and scope of IIRSA is “A New Push for Regional Infrastructure Development in South America.” This is also prepared and presented by IDB by a request from the government of Brazil during the first Summit of the Meeting of Presidents in 2000. Particularly, this document, which began with understanding globalization and new regionalism as the new global and regional context attempted to set forth the appropriateness of building physical integration in the South American region. In other words, complying with the global economic calling after the end of the Cold War, and also strengthening its position to be a more active region in globalization, South America as a whole was pushed and needed to maximize its comparative advantages (i.e. natural resources) and to overcome the geographical hurdles (i.e. the Andean mountain range, the Amazon rainforest and the Orinoco Basin), which had been shown as an insurmountable obstacle.

In this spirit, the physical regional integration is sine qua non of further progress as to be reflected by liberalization of trade and investment regimes (Van Dijck, 2013, Van Dijck and Den Haak, 2006). To this acknowledgement into practice/action, the concept of an Integration and development Hub (EID-Eje de integración y Desarrollo) has been evolved by IDB through this document from current trade hubs. Thus, this document, “A New Push for Regional Infrastructure Development in South America,” played a critical role in providing IIRSA’s backbone concepts and identifying and also structuring the regional integration
project portfolio (IIRSA, Ten Years of the IDB in IIRSA 2000-2010). Subsequently, the following subsection discusses with how IIRSA project has been planned and implemented.

**Phase I: IIRSA’s Rationale and its Performance (2000-2010)**

IIRSA’s rationale to be initiated and realized, as stated above, was to proactively be engaged with trade-led liberalization, relating to opportunities and threats posed by globalization (Brasil Communique, 2000). In addition, IIRSA was born to “strengthen a comprehensive insertion of South America in world markets” (Van Dijck, 2013:6), and particularly to recognize a regional identity (IIRSA, 2011). To meet its ends, since IIRSA’s inception, there have been several distinctive developmental phases in relation to this Initiative.

According to the IIRSA official website and its official documents including “IIRSA 10 Years later: Achievements and Challenges”, IIRSA considers the first three years (2000-2002) as a ‘launch and start-up period.’ There are two pillars of the Initiative, composing of the Integration and Development Hubs (EIDs-Ejes de Integración y Desarrollo), and the Sectoral Integration Processes (PSIs-Procesos Sectoriales de Integracion). While these two pillars of the Initiative were in the process of proposing and exchanging ideas in this beginning period, the former pillar (EID) is “a multinational territorial space involving specific natural resources, human settlements, production areas and logistics services” (IIRSA, 2011: 8). Thus, the concept of EID, which links to transportation, energy and communication infrastructure, exceeds other concepts previously used including a “transport corridor” or “infrastructure network” (IIRSA, 2011). The latter, PSIs, designed to identify the regulatory and institutional obstacles hampering the development and operation of basic infrastructure in the region, and additionally to propose relevant actions to resolve such hindrances (IIRSA, 2011).

Whereas the first three years (2000-2002) of this Initiative were more of a political component, the following two years (2003-2004) are more technically and operationally important, which became known as the first phase of the Indicative Territorial Planning methodological Process (IIRSA, 2011). According to the IIRSA official website and its documents, these two years, which were concerned with the development and application of a territorial planning methodology, assisted the countries to build a consensus on a common project portfolio and to establish their priorities. Thus, these two periods were a transition period from planning stage towards implementation.
As a result, at the Sixth Meeting of IIRSA Executive Steering Committee in November 2004, the Implementation Agenda based on Consensus 2005-2010 (AIC – Agenda de Implementación Consensuada), made up of a first set of 31 integration projects – as shown below in figure – was created. As stated by Couto (p. 5), the whole idea and plan for regional integration via a multi-criteria analysis methodology including economic, political, financial and environmental aspects produced this Agenda. This was presented and culminated in Cusco, Peru in December 2004 during the Third Meeting of South American Presidents. With the approval of twelve South American presidents in relation to this Agenda, which has an estimated investment of over US $14 billion, strategic objectives for 2005-2010 were defined with 31 AIC projects, 28 of which were in the transportation sector, one in the energy sector, and two in the communications sector. The following is the South American map with these particular 31 projects selected (2005-2010).

Figure I: Projects in the Implementation Agenda based on Consensus

As shown in the above map with 31 projects, involving all member countries, along with the
ten Hub Initiatives, demonstrates to symbolize the level of cohesion among these South American countries to shared developmental priorities (Couto 2007: 7).

In terms of evolution in vein of time frames and execution phase of the project, as seen in the below table, only two of the 31 AIC projects have been completed in 2005-2010 period. These are AIC Project 25, “Bridge over the Acre River,” and AIC Project 27, “Bridge over the Takutu River.” The former is under the Peru-Brazil-Bolivia Hub, which was completed in January 2006, and the latter, under the Guianese Shield Hub, completed in April 2009. The rest of the projects failed to meet the initial deadline for this portfolio. Furthermore, almost all projects are rescheduled to be completed up to 2020.

Table II: A Summary of the Evolution of AIC Projects

<table>
<thead>
<tr>
<th>Projects completed in 2005-2010</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects scheduled to be completed in 2011</td>
<td>12</td>
</tr>
<tr>
<td>Projects scheduled to be completed in 2012</td>
<td>7</td>
</tr>
<tr>
<td>Projects scheduled to be completed in 2013</td>
<td>2</td>
</tr>
<tr>
<td>Projects scheduled to be completed in 2014</td>
<td>3</td>
</tr>
<tr>
<td>Projects scheduled to be completed in 2016</td>
<td>1</td>
</tr>
<tr>
<td>Projects scheduled to be completed in 2020</td>
<td>1</td>
</tr>
<tr>
<td>Projects with completion date pending definition</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31</td>
</tr>
</tbody>
</table>

(Source: IIRSA Assessment report 2010)

In short, the original plan for AIC Projects to be completed by the end of 2010 was not realized. However, as stated in the IIRSA AIC Assessment report, this does not necessarily mean that the AIC failed to accomplish its mission to accelerate the materialization of concrete results in high-impact projects designed to ensure the physical integration of the South American subcontinent (IIRSA AIC report 2010).

Second Phrase of IIRSA: COSIPLAN, its new name of IIRSA under the UNASUR

As briefly stated above, the Union of South American Nations (UNASUR) was created in 2008 and this organization with international legal status represents a watershed for regional integration. Within the aim of UNASUR, pursuant of the Constitutive Treaty, the specific objectives of UNASUR in relation to infrastructure are shown directly in the article 3 of this Treaty as follows:

d) Energy integration for the integrated, sustainable use of the region’s resources, in a spirit of solidarity
e) The development of infrastructure for the interconnection of the region and among our peoples, based on sustainable criteria of social and economic development
m) Industrial and productive integration, focusing especially on small and medium-size
enterprises, cooperatives, networks and other forms of productive organization

To meet these above ends, particularly in relation to infrastructure, the South American Council on Infrastructure and Planning of UNASUR (Consejo Suramericano de Infraestructura y Planeamiento de UNASUR – COSIPLAN) was established at the Third Summit of Heads of State and Government in Quito, Ecuador, 2009. According to the Statutes of COSIPLAN, this council is a “forum for political and strategic discussion through consultation, evaluation, cooperation, planning and coordination of efforts, and articulation of programs and projects aimed at implementing the integration of regional infrastructure in the UNASUR Member States” (Article 1 of Statues of COSIPLAN). In practice, given challenges such as securing political support and sustainable funding for the project portfolio, particularly in relation to AIC 2005-2010, the council’s role is to emphasize the mandate conferred by UNASUR member countries regarding physical integration so as to obtain sustainable economic and social development and reducing existing asymmetries in South America via regional infrastructure integration.

In order to accomplish the mandates and also to reinforce the legitimacy of COSIPLAN by means of overcoming existing obstacles, COSIPLAN presents the Strategic Action Plan (Plan de Accion Estrategico – PAE) for a period of 2012-2022. This was approved by Ministers at the Second Ordinary Meeting of the COSIPLAN, held in Brasilia, Brazil, 2011 and ratified by the Presidents at the Sixth Summit of Heads of State and Government of UNASUR, Lima, Peru, 2012. In this official document of the Strategic Action Plan (2012-2022) of COSIPLAN, it contains the recognition of the following performance of regional infrastructure carried out by IIRSA:

1) Development and application of the Indicative Territorial Planning Methodology, which brought about a consensus-built more than 500 infrastructure projects portfolio, associated with the Ten Integration and Development Hubs

2) Creation of the Implementation Agenda based on Consensus (AIC, its acronym in Spanish) 2005-2010, composing of a set of 31 priority projects

3) Design of projects in connection with Sectoral Integration Processes (PSIs, their acronym in Spanish)

4) Development and application of new planning tools and methodologies

With the above recognition of the first 10 years of attainment under the frame of IIRSA, this Strategic Action Plan contains the COSIPLAN’s objectives endorsed by UNASUR. In short, according to article 4 of Statutes of COSIPLAN, there are six specific
objectives and the Strategic Action Plan (PAE) presents its strategic actions based on each specific objective. One of the specific objectives of article 4 of COSIPLAN and their actions is in relation to the inclusiveness of local and regional populations through the development of infrastructure. According to article 4(b), the COSIPLAN is to “enhance the capacity and potential of local and regional populations through the development of infrastructure, with the aim of improving their life quality and expectancy.” Subsequently, the particular strategic actions to attain for this objective are developed as such “[e]stablish bodies to foster social participation and the active contribution of the communities involved in COSIPLAN […]” (Action 2.3 of the PAE).

This is incredibly important point to be critically considered. There is a continuity of stressing the importance of the local population and promoting social participation to acquire greater legitimacy on decision-making procedures on regional integration projects over the second phase of IIRSA (2012-2022) under the Strategic Action Plan. In short, as discussed earlier, the Plan of Action for Regional Infrastructure Integration in South America which was primarily designed for IIRSA over the first phase (2000-2010) was also stated in relation to the importance of the affected populations/communities. Therefore, a common feature over the entity of IIRSA’s (a.k.a. COSIPLAN) project portfolios is the consideration of benefit for local and regional populations through regional public goods such as infrastructure development. In this vein, the notion of the inclusiveness of the affected local population through the regional integration infrastructure will be critically assessed in a great detail as a particular case in the following empirical section.

**Introduction & Justification for being and conducting research on the Inter-oceanic Highway and its Integration Bridge among IIRSA projects portfolio**

The Inter-Oceanic Highway is a transnational project to connect from the Atlantic to Pacific Oceans. As shown in the map below, this highway primarily aims to facilitate the Atlantic side of Brazil and the Pacific side of Peru to integrate them in socio-economically (i.e. trade and tourism).
However, it has deeper meaning than that of simple integration in order to facilitate two Border States in terms of completing this huge trans-regional project. It has several different levels of significance. In short, Inter-oceanic Highway can be considered as an icon (emblem) of candid physical regional integration, which was the aspiration of South American unity over 500 years. Moreover, in this vein, it should be one of the most representative physical regional integration projects that took place under the auspice of the IIRSA Project Portfolio and also, conformed to the spirit of UNASUR. Thus, this brings forth a greater South American unity as whole rather than only two states. Another level of significance of the existence of the Inter-oceanic Highway is its practical aspects. As official documents, literature, and even news agencies point out, it facilitates Intra-trade and Inter-trade largely by means of logistic competitiveness. Thus, open regionalism can be realized. Furthermore, the region could be solidified and this could eventually accelerate regional power, translating to leverage in a global society.

In this vein, the Integration Bridge is the first completed regional-level project among IIRSA Portfolio Projects and it has forged a new path towards Pacific coasts from Atlantic

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6 The Brazilian Federal Highway (BR 364) has already been built from southern Atlantic cities including Sao Paulo and Rio de Janeiro to inner city Cuiaba of Mato Grosso and Port Velho of Rondonia and up to Rio Branco of Acre. Thus, the factual newly added part to be considered and called an Inter-Oceanic Highway is mostly on the Peruvian side.
‘deadlock’ coasts. While the following section will be further discussed, the completion of this bridge represents a significant continuation in terms of regional policy from Fernando Henrique Cardoso, who initiated the idea of regional integration and called for 12 Presidents in South America to embark on IIRSA. Furthermore, this work highlights the work of Lula da Silva, who also channeled his effort towards Brazil being a regional power and an emulating with the existing global order. Particularly, the following picture demonstrates the then three Presidents, Lula da Silva, Alejandro Toledo and Carlos Mesa, of Brazil, Peru and Bolivia respectively, who attended the initial ceremony for this Integration Bridge on the Brazilian side.

<source: picture taken by the author, March 2013>

This Integration Bridge, one of the first projects, and the first completed regional integration project, under the scheme of IIRSA Portfolio Projects, contains the important ‘story’ to be developed, in relation to understanding the nature of new regionalism. Therefore, this fieldwork research is situated in a triple border city\(^7\), where this Integration Bridge has been constructed. This city is the point of initial departure and concurrently a watershed for the Inter-oceanic Highway.

Assis Brazil and the implication of Integration Bridge in the vein of Inter-oceanic Highway under IIRSA

Given this significant economic and political strategic point of view and particularly the starting point of regional integration in relation to Inter-oceanic Highway under IIRSA Portfolio Projects, Assis Brazil was chosen as the place in which to conduct research at a

\(^7\) Triple border city is a city located in border and shares two different countries. Here Assis Brazil shares its border with Inapari (Peru) and Bolpebra (Bolivia)
local level. According to an official document from Acre\textsuperscript{8}, \( \text{Acre em númerous (Acre with numbers)} \) from which I obtained the data from the IBGE demographic census, Assis Brazil is one of the twenty two municipalities in the state of Acre. As shown below map, it is located in the south of Acre. Its population is 6,072 out of 733,559 in the province as of 2010. Around the half of the population (336,088 as of 2010) in this state resides in the capital city, Rio Branco.

<insert map>

While the rate of urbanization of this state is 72\%, Assis Brazil is around 60\%. The following table\textsuperscript{9} identifies with (selective) employment allocation, which demonstrates job distribution in the Amazon state, with focus on selective municipalities so as to compare it with Assis Brazil. According to data shown in the table below, the proportion of inhabitants employed in the public sector is 23.9\%, with 15.23\% employed as public officials and 8.67\% employed in public education, in Assis Brazil is higher than other job categories, as well as having a high public sector employment rate than other municipalities in Acre and Brazil as a whole. Around 25\%, in short, one of four residents in Assis Brazil are employed by and for public services, whereas one of six is similarly employed at the state level, and one in ten at the national level. This is a critical sign of an important aspect of this Amazon municipality in relation to the notion of ‘dependence’. In short, this paper asserts that limited variation/alternatives of employment in this area, coupled with the high percentage of primarily public-related occupation, constrains the space where local people would engage at will. To reiterate, this structural confinement of local people’s livelihood explains an important indication to understand in the vein of public participation with particular reference to regional level of projects and/or policies. This part of my discussion will be further employed in regard to the analysis of local participation in IIRSA Portfolio Projects including the Integration Bridge and the Inter-oceanic Highway.

\footnotesize
8 Acre is one of twenty-seven states and is situated as in a tri-border, which shares with Peru and Bolivia. Its capital city is Rio Branco.
9 The broad table, which contains other all municipalities’ employment allocation, is shown in the appendix #
<table>
<thead>
<tr>
<th>Brasil, Unidade da Federação e Município</th>
<th>Total</th>
<th>Agricultura, pecuária, produção florestal, pesca e aquicultura</th>
<th>Indústrias extrativas</th>
<th>Indústrias de transformação</th>
<th>Água, esgoto, atividades de gestão de resíduos e descontaminação</th>
<th>Construção</th>
<th>Comércio; reparação de veículos automotores e motocicletas</th>
<th>Atividades financeiras, de seguros e serviços relacionados</th>
<th>Atividades imobiliárias</th>
<th>Administração pública, defesa e segurança social</th>
<th>Educação</th>
<th>Saúde humana e serviços sociais</th>
<th>Serviços domésticos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brasil</td>
<td>100</td>
<td>14,20</td>
<td>0,46</td>
<td>11,81</td>
<td>0,67</td>
<td>7,29</td>
<td>16,97</td>
<td>1,29</td>
<td>0,43</td>
<td>5,38</td>
<td>5,65</td>
<td>3,77</td>
<td>6,91</td>
</tr>
<tr>
<td>Acre</td>
<td>100</td>
<td>20,51</td>
<td>0,07</td>
<td>4,32</td>
<td>0,47</td>
<td>7,54</td>
<td>14,60</td>
<td>0,67</td>
<td>0,12</td>
<td>9,62</td>
<td>7,64</td>
<td>3,47</td>
<td>8,71</td>
</tr>
<tr>
<td>Acrelândia - AC</td>
<td>100</td>
<td>49,94</td>
<td>0,10</td>
<td>6,88</td>
<td>0,20</td>
<td>5,45</td>
<td>9,09</td>
<td>0,24</td>
<td>0,10</td>
<td>4,02</td>
<td>7,42</td>
<td>3,17</td>
<td>5,88</td>
</tr>
<tr>
<td>Assis Brasil - AC</td>
<td>100</td>
<td>22,95</td>
<td>-</td>
<td>2,52</td>
<td>1,28</td>
<td>5,48</td>
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<td>-</td>
<td>-</td>
<td>15,23</td>
<td>8,67</td>
<td>3,14</td>
<td>9,37</td>
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<td>Brasiléia - AC</td>
<td>100</td>
<td>32,74</td>
<td>-</td>
<td>2,84</td>
<td>0,27</td>
<td>9,52</td>
<td>12,12</td>
<td>0,38</td>
<td>-</td>
<td>7,06</td>
<td>4,54</td>
<td>2,84</td>
<td>8,02</td>
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<td>Bujari - AC</td>
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<td>47,75</td>
<td>-</td>
<td>1,77</td>
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<td>0,07</td>
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<td>6,80</td>
<td>1,81</td>
<td>9,19</td>
</tr>
<tr>
<td>Capixaba - AC</td>
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<td>45,88</td>
<td>-</td>
<td>6,38</td>
<td>0,24</td>
<td>3,50</td>
<td>9,49</td>
<td>-</td>
<td>0,15</td>
<td>7,24</td>
<td>4,35</td>
<td>1,04</td>
<td>5,49</td>
</tr>
<tr>
<td>Cruzeiro do Sul - AC</td>
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<td>21,91</td>
<td>0,18</td>
<td>3,73</td>
<td>0,26</td>
<td>7,94</td>
<td>16,09</td>
<td>0,56</td>
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<td>4,59</td>
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<td>5,24</td>
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<td>Feijó - AC</td>
<td>100</td>
<td>48,98</td>
<td>-</td>
<td>3,51</td>
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<td>0,09</td>
<td>3,84</td>
<td>8,28</td>
<td>1,81</td>
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</tr>
<tr>
<td>Jordão - AC</td>
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<td>-</td>
<td>10,48</td>
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<td>4,50</td>
<td>7,04</td>
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<tr>
<td>Mâncio Lima - AC</td>
<td>100</td>
<td>39,39</td>
<td>0,10</td>
<td>4,87</td>
<td>0,44</td>
<td>2,81</td>
<td>6,32</td>
<td>-</td>
<td>-</td>
<td>8,73</td>
<td>10,88</td>
<td>3,45</td>
<td>7,91</td>
</tr>
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<td>Manoel Urbano - AC</td>
<td>100</td>
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<td>-</td>
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<td>8,18</td>
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<td>-</td>
<td>16,74</td>
<td>2,82</td>
<td>3,05</td>
<td>8,14</td>
</tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>-----</td>
<td>---</td>
<td>-----</td>
<td></td>
</tr>
<tr>
<td>Marechal Thaumaturgo - AC</td>
<td>100</td>
<td>60,27</td>
<td>-</td>
<td>3,10</td>
<td>1,04</td>
<td>1,22</td>
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<td>-</td>
<td>6,42</td>
<td>9,93</td>
<td>2,83</td>
<td>3,56</td>
</tr>
<tr>
<td>Plácido de Castro - AC</td>
<td>100</td>
<td>31,11</td>
<td>-</td>
<td>3,16</td>
<td>0,55</td>
<td>3,66</td>
<td>12,67</td>
<td>0,09</td>
<td>-</td>
<td>7,24</td>
<td>9,52</td>
<td>5,23</td>
<td>10,79</td>
</tr>
<tr>
<td>Porto Walter - AC</td>
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<td>64,89</td>
<td>-</td>
<td>2,19</td>
<td>0,70</td>
<td>1,09</td>
<td>3,48</td>
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<td>-</td>
<td>2,17</td>
<td>10,03</td>
<td>1,58</td>
<td>4,53</td>
</tr>
<tr>
<td>Rio Branco - AC</td>
<td>100</td>
<td>5,53</td>
<td>0,08</td>
<td>4,44</td>
<td>0,46</td>
<td>9,10</td>
<td>18,48</td>
<td>0,96</td>
<td>0,21</td>
<td>12,20</td>
<td>7,35</td>
<td>3,85</td>
<td>8,57</td>
</tr>
<tr>
<td>Santa Rosa do Purus - AC</td>
<td>100</td>
<td>36,94</td>
<td>-</td>
<td>1,87</td>
<td>1,05</td>
<td>1,09</td>
<td>7,14</td>
<td>-</td>
<td>-</td>
<td>19,37</td>
<td>13,54</td>
<td>5,65</td>
<td>4,33</td>
</tr>
</tbody>
</table>

<Source: IBGE, sorted and selected by the author>
To focus on the Integration Bridge in the context of Acre, particularly Assis Brazil, according to the Ministry of Transportation of Brazil, the construction of this bridge was executed over 14 months from August 2004 to September 2005. At the inauguration ceremony, held in January of 2006, Jorge Viana, Governor of Acre, stated that thanks to the great support from President Lula, as a “lion,” the *duration* of the construction work had been reduced from 30 months to 14 months. But as was confirmed by several local residents including current and also ex-mayors of Assis Brasil, as well as a previous head secretariat who supervised Acrean development, the primary plan had been changed. In short, according to the Acrean local newspaper (Tribuna), the previous proposal planned for a bridge between Brazil and Peru spanning 745 meters. However, the actual completed bridge is now 240 meters, just over one-third of the originally proposed length. Therefore, the actual completion period was accordingly moderated.

Here the research question comes into play and links with the above stated context of regionalism studies. To what extent do local citizens participate in the procedure of a regional project?

It should be said that the more people participate in socio-political activities (i.e. local associations and elections) the more people are actively willing to engage local issues related to their lives. In other words, local residents who are engaged with local organizations such as trade unions or community associations, and have actively voted for local and national elections, are more likely to participate in any projects that are related to or affecting their
way of living. Thus, with this universal, intuitive and valid statement, the following hypothesis is asserted:

The more people participate in socio-political activities (i.e., local associations, such as trade unions, and local/national elections), the more people are actively willing to engage their local and national issues which are related to their life.

This hypothesis is related to the following a research question:

To what extent is there local support for these regional projects? And how significant a factor is local support? To what extent have local citizens participated in the decision-making process?

This research explores the local area so as to find out whether local residents are actively engaged with national or regional projects that affect their interest (i.e. socio-political economy and security). In other words, with the above universal and intuitive statement and its related research question, which is generated from existing regionalism studies, the research embarked on a tri-border town in Brazil (i.e. Assis Brazil) to find out whether and to what degree these local people are engaged. A mixed methodology (i.e. quantitative and qualitative) was employed so as to increase its reliability, validity, and replicability.

One of the important areas that this research was aiming to explore was whether local residents knew that the Inter-oceanic Highway was planning to cross through this small tri-border town, Assis Brasil. As shown in the below output, this research found that the majority of respondents, 84.1% knew that the (initial) plan for this Inter-oceanic Highway was for it to be constructed in and through the city rather than simply passing by.

| Did you know that the Inter-oceanic Highway that would cross within Assis Brazil? |
|---------------------------------|--------|---------|-----------|-----------|
|                                 | Frequency | Percent | Valid Percent | Cumulative Percent |
| yes                             | 74       | 84.1    | 84.1        | 84.1        |
| Valid no                        | 14       | 15.9    | 15.9        | 100.0       |
| Total                           | 88       | 100.0   | 100.0       |             |

Also, as will be discussed further, the majority of interviewees also knew that this Inter-Oceanic Highway would pass through the city. However, the Inter-oceanic Highway passes by the outside of this city. And as seen the below picture of this city, for the geographical reason, Assis Brasil has been excluded and this highway is simply passing by the outskirts of the city.
The question arises as to why this highway was modified. This point will be addressed and discussed later. First, to learn whether these local residents were able to and/or allowed to attend meetings and express their interests, the survey question was formed (also see the appendix) and the result was as follows.

**Prior to the main plan of the inter-oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>6</td>
<td>6.8</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Valid no</td>
<td>82</td>
<td>93.2</td>
<td>93.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

This above enquiry is one of the most important areas of interest that this research was aiming to explore as well as determining whether local people were able to engage in the decision making procedure. Subsequently, as shown in the result from the above box, most of those participating in this survey (93.2%) were not able to participate in this process. In other words, local residents were, to a great extent, excluded.

Interestingly enough, survey respondents as shown below are actively engaged in any level of political apparatus (i.e., local organizations, presidential/mayoral elections) to express their own interests. Thus, to reiterate, this research assumed/hypothesized, as stated above:

> The more people participate in socio-political activities (i.e., local associations (trade union), and local/national elections), the more people are actively willing to engage their local/national issues, which are related to their life.
With this assumption, there would be a correlated relationship between the degree to which local residents were able to engage with the critically important regional plan that affects their socio-political and economic life directly and to the extent to which local residents’ actively participate in existing political institutions (i.e. local organizations and elections). In this vein, the statistical apparatus, the Chi-Square test \( (\chi^2) \) would allow us to see whether or not there is a statistically significant association between these two variables. To do that, cross-tabulation tables (a.k.a. contingency tables) are employed to demonstrate the relationship between the level of local association participation and the extent of regional integration participation shown below:

<table>
<thead>
<tr>
<th>Are you associated with any organization?</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>3</td>
<td>44</td>
<td>47</td>
</tr>
<tr>
<td>No</td>
<td>3</td>
<td>38</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>82</td>
<td>88</td>
</tr>
</tbody>
</table>

Prior to the main plan of the inter-oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?
The cross-tabulation table and its following chart show that 47 respondents stated that they are associated with an organization and yet only 3 respondents among them indicated that they were aware of or able to attend meetings in relation to the regional project (i.e. Inter-oceanic Highway). 41 respondents stated that they are not associated with any organization and again only 3 respondents stated that they were in some respect engaged with this regional project, while 38 respondents were not engaged at all. Thus, with this descriptive information, this research intends to see whether or not there is a statistical correlation between these two categorical variables.

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.030a</td>
<td>1</td>
<td>.862</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correctionb</td>
<td>.000</td>
<td>1</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>.030</td>
<td>1</td>
<td>.862</td>
<td></td>
<td>1.000</td>
</tr>
<tr>
<td>Fisher's Exact Test</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.594</td>
</tr>
</tbody>
</table>
From the output shown above, one can see that Chi-square value (Pearson Chi-Square) is .030 with significance level of .862. Typically, this research looks at 95% confidence intervals and thus the value of \( t \) is for a two-tailed with probability of .05 with the appropriate degrees of freedom (df). According to Chi-square tests for these two variables, the significance level of these variables is .862, which is far above .05. Therefore, there is no statistical association between these two variables. In other words, these two variables are independent. To reiterate, there must be a relevant degree of association between two variables due to these variables (level of local participation and the degree of regional project inclusion). With this result, another level of political participation (i.e. voting in local mayor elections), will be examined to see whether there is an association between these two variables.

**Did you vote in the last mayoral election in Assis Brasil?**  
* Prior to the main plan of the inter-oceanic road having been modified, could you attend to, listen or deliver your interests to persons or institutions responsible? 

**Crosstabulation**

<table>
<thead>
<tr>
<th>Prior to the main plan of the inter-oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Did you vote in the last mayoral election in Assis Brasil?</td>
<td>yes</td>
</tr>
<tr>
<td></td>
<td>no</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
</tr>
</tbody>
</table>
The cross-tabulation table shown above and the following chart demonstrate that 83 respondents stated that they participated in voting for the last mayoral election and yet only 6 respondents among them indicated that they were aware of or able to attend meetings in relation to the regional project (i.e. Inter-oceanic Highway). According to this descriptive information, it is strongly demonstrated that those who are interested in political participation via formal means, such as elections were left out in the sense that they not acknowledged and could not participate in this crucial regional project that affecting their everyday life. With this descriptive information, this research intends to see whether or not there is a statistical correlation between these two variables.

Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.388a</td>
<td>1</td>
<td>.533</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction</td>
<td>.000</td>
<td>1</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
From the output shown above, one can see that Chi-square value (Pearson Chi-Square) is .388 with significance level of .533, which is far larger than .05. Therefore, there is no statistical association between the two variables. In other words, these two variables are independent. However, to reiterate, it must be correlated, given the nature of the political participatory aspiration, which was demonstrated by the voting participation rate. To further investigate whether there is an association between formal political participation (i.e. presidential voting) and regional project participation, the descriptive information via cross-tabulation and its bar chart is shown as below:

<table>
<thead>
<tr>
<th>Did you vote in the last election for president of Brazil? * Prior to the main plan of the inter-oceanic road having been modified, could you attend to, listen or deliver your interests to persons or institutions responsible?</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td><strong>No</strong></td>
</tr>
<tr>
<td>Did you vote in the last election for president of Brazil?</td>
<td>6</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6</td>
</tr>
</tbody>
</table>
The cross-tabulation table shown above and its following chart demonstrate that 82 respondents stated that they participated in voting for the last presidential election and yet only 6 respondents among them indicated that they were to some degree able to participate in planning or feedback regarding this regional project (i.e. Inter-oceanic Highway). According to this descriptive information, it strongly shows, as demonstrated above with the case of the mayoral election, that most of those who are interested in political participation via formal means) were not invited, in the sense that they not even acknowledged or able to participate in this crucial regional project that affects their everyday life. With this descriptive information, this research will determine whether or not there is a statistical correlation between these two variables.

---

10 The plan had been changed from penetrating this road into this particular city to passing by apparently the outside of this city.
From the output shown above, one can see that Chi-square value (Pearson Chi-Square) is .471 with significance level of .492, which is much larger than the p-value of .05. Therefore, there is no statistical association between two variables, accepting the fact (as shown in footnote a. of the above table) that the distribution of the cell count is less than ideal. To reiterate, as shown above, two other supposedly related variables including participating in local organizations and voting in the most recent presidential election were not correlated descriptively or statistically with a significant level of regional integration project awareness and participation. This variable (i.e. participation in the most recent presidential election) was not in these realms. To view the relationship among all four variables (i.e. participation in presidential and mayoral elections, and involvement of any organization, and input concerning the regional integration project), the following bar chart is formulated.

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.471(^a)</td>
<td>1</td>
<td>.492</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction(^b)</td>
<td>.000</td>
<td>1</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>.879</td>
<td>1</td>
<td>.349</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisher's Exact Test</td>
<td>.879</td>
<td>1</td>
<td>1.000</td>
<td></td>
<td>.646</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.466</td>
<td>1</td>
<td>.495</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) 1 cells (25.0%) have expected count less than 5. The minimum expected count is .41.

\(^b\) Computed only for a 2x2 table.
From the bar chart shown above, among survey respondents as a randomly selected sample, only 3 respondents out of 88 - who voted for the last presidential election and the last mayoral election, respectively, and also who are involved in local organization - were engaged in a different manner in this regional project. This research employed a further technique to assess the impact or correlation of a set of variables (a.k.a. predictors). Since the dependent variable is categorical, and independent variables also are categorical rather than continuous, logistic regression has been utilized to see whether there is statistical significance between the level of regional integration participation among three variables (i.e. presidential and local mayoral elections and participation in local organizations, respectively). And according to the logistic regression, none of the likely these three factors appear to be driving respondents’ propensity to be involved in this regional project. Therefore, the result is slightly counterintuitive, which means that local residents, who are represented by a sample for the purpose of this research, claim that they were to a large extent excluded in the process of the regional project. From this point, the research attempts to find the reasons why these local populations were discounted rather than embraced/invited. To achieve these ends, a series of
open-ended and semi-structured interviews at the local and national level were conducted. Also, the relevant official and unofficial documents were employed to find the causal inferences and analyse the findings.

**Who cares first? Reasons why these local populations were discounted rather than embraced**

Given the following empirical data extracted by survey (Q 31), more than 80% of respondents are not satisfied with the way the road has been constructed.

<table>
<thead>
<tr>
<th>Would you like the Inter-oceanic Highway to pass through the city (Assis Brazil) or would you be satisfied/happy the way it is now?</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes, I am satisfied</td>
<td>17</td>
<td>19.3</td>
<td>19.3</td>
<td>19.3</td>
</tr>
<tr>
<td>no, I am not satisfied (i.e., would like it to pass through the city)</td>
<td>71</td>
<td>80.7</td>
<td>80.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

It is inevitable that the projects and policies of any given government will not always be able to completely satisfy the needs and wants of the people that it serves. However, as demonstrated above, the first plan of the highway was for it to pass through the city. This plan has been modified to passing by the outskirts of city with little public awareness. Thus, this research found that there was a lack of public participation (input) in carrying out the regional project which is continuously affecting these local people. In other words, there was no proper consultation with local people when modifying this regional integration plan; rather, it was driven by top-down procedure, given this round of explorative research. Accordingly, the following section will focus on analysing the reason why it took place in this way, employing two analytical frameworks used throughout this PhD project.

**Two Explanatory Factors/Variables: one domestically ingrained societal feature which links to the nature of orientation of the Brazil government and the role of actively engaged external actors (i.e. China and US)**

Inter-oceanic Highway as a case and being located in this tri-border city (i.e. Assis Brazil) for fieldwork research is not a specific case, in juxtaposition to generality. Rather, this is a concrete example underlying universality. With this statement, one of the outstanding
features in the Amazon area is related to structurally-embedded continuation, which refers to historically embedded societal structure (i.e. patron vs. semi-slavery relationship). This driving mechanism that has shaped South American regional integration, particularly in this local region, is to be enclosed in a feature of old regionalism with respect to the ‘actor-ness.’

**Historically embedded societal structure as Patron and (semi)-Slavery relationship**

A feature has been saliently revealed in this region, particularly the northern region of Brazil, which needs to consider the emergence of rubber tree and its latex. In short, the rubber tree has not only been a historical factor, but rather a history ‘maker’ which has shaped the identity and the orientation of this area, and to some extent, Brazil as a nation. The following subsection examines how the societal structure between rubber barons and rubber tappers became institutionalized, what it means for contemporary societal arrangement, and eventually how this formation is linked to local input in relation to regional projects (i.e. Inter-oceanic Highway). The right side of the below picture illustrates a place where rubber tappers are located and where the rubber baron is situated.

Figure 2: a co-existence of rubber baron and rubber tapper

Rubber tappers live in remote areas (called, colocação no centro da floresta) to obtain latex by cutting from rubber trees. The rubber baron is located near the river so as to use this river road to export goods. According to some interviewees including academic scholars in
the UFAC and museum staff, a rubber baron would receive rubber from rubber tappers and pay for some basic commodities (i.e., food, clothes, etc.) rather than capital as a barter deal. Thus, rubber tappers had totally to rely on a rubber baron who supplies these items. This generated two societal classes and was institutionalized over time as a patron and (semi)-slave relationship. This relationship as a societal institution in this Amazon region had been endemic until the military government (1965-85) entered into this region with new political economy, beginning around the end of 1960. The military regime planned to develop this Amazon area, promoting cattle ranching while removing the rubber trees to be tapped. In a new context forced by the military government in this period, rubber tappers had to leave where they used to belong without knowing how to survive or where to go. Accordingly, these people were left behind had to depend upon state government and this state level has to rely on the federal where all necessities are being supplied. This is a characteristic of the continuation of dependence as a societal structure in this particular Amazon region as a whole.

In short, this paper sees that the patron has now been shifted from the rubber baron to the state. This is a critically important analytical point in that there is a continuation of a sense of dependence as a legacy that characterizes this region. Therefore, this paper argues that this feature is largely embedded into the societal structure in Brazilian society as a whole, and more particularly in this Amazon area. In this line, this legacy limits the local citizens through an institutionalized mechanism that constrains their willingness to participate at the state and federal level, and policies are imposed upon them based on state and federal prioritised interests. This provides a logical explanation why there would be feasibility that public input can to a large extent be excluded when the regional projects are concerned. In other words, the nature of bypass of local actors’ interest is embedded in a societal structure.

Furthermore, based upon the fieldwork along with the survey data shown above, although there is a series of local institutional mechanisms (i.e., workers’ union), it appears that these local institutions are limited as representatives of local members’ interests. A representative of FUNAI (Brazil Indian Group) in this border town stated as follows:

“Antes do conseguir os recursos, o gobierno llama a todos para participar, mais depois do que Gobierno conseguiu recursos, Gobierno nao llama mais a población o representativo, solo llama a los internos de ellos” Prior to acquiring relevant resources, the government calls for everyone to participate; however, when the government obtained it, then the government no more calls for population and/or relevant representatives, they just call their internal people” (Interviewed by the author, April 2013)

In this similar line, a local entrepreneur summarized by referring a Brazilian proverb, which
is based on a Bible scripture (John 4:44), the nature of the limitation of participation as a citizen and/or through a relevant institutions

“Santo de Casa, não faz milagre” – no one is a prophet in his own country\textsuperscript{11} (Interview by the author, April 2013)

To contextualize, this means that although someone knows and/or have a good idea for his / her own country to be better, it is often limited and overlooked. Thus, the structurally rooted nature of societal institutions, which has largely been embedded in the legacy of colonial period, coupled with the concrete ‘story’ related to the rubber tree in the Amazon area, resists the adoption of universal value (i.e. (participatory) democracy), which is related to a supposed characteristic according to the new regionalism academic literature. Rather, echoing the concept of the patrimonial state\textsuperscript{12}, there is no public input and subsequently the ‘output’ is not what the local actor wishes in this type of regional project. The ‘output’ is what the state has designed. Along with this domestically rooted level of explanation, historically embedded societal structure in relation to public exclusion, this paper argues that there must be an international level of explanatory factor such as China in influencing the regional governance; with special here focus on IIRSA projects (i.e. the Inter-oceanic Highway). Subsequently, it arguably links to the extent of public input in regional project.

**China’s financing powerhouse, with special focus to regional integration projects in Latin America**

In the regional level of scope, in short, regional public goods and service in relation to the provision of infrastructure, as stated above, Brazil, which leads the regional integration, expands its political economic ‘territory’ through a different level of arrangement such as Public-Private Partnership (PPP) modality so as to meet its national interests: economic and geo-political power. In this realm, this research argues that China can be invited to incorporate with the process of the South American regional integration efforts, particularly with respect to regional physical integration throughout the Chinese financial powerhouse.

In this vein, there is no specific official data available which demonstrates how much China supports, and in what particular area that China invests, in terms of infrastructure,\textsuperscript{13}

\textsuperscript{11} Usually, the people who know you best would not accept or want to think of you as a Prophet. If you introduce a new tradition in your own land, you will be seen as a usurper of the old tradition, disrespectful of it, or you own elders

\textsuperscript{12} “patrimonial state” is relevant here in contextualizing the socio-political system of Brazil up to for current era. Using Faoro’s patrimonialism definition: the upper class who exercises power use the state as a whole to one’s own interest (Faoro,1976).
which is linked to the IIRSA projects bring about greater unity. However, China engages increasingly with Latin American counterparts through the regional institutions mechanism including IDB\textsuperscript{13} for the investment with special focus on infrastructure (Webber 2012)\textsuperscript{14}. Having launched a $1bn Latin American fund by China with IDB, Luis Alberto Moreno, IDB president, stated “[w]e are looking to focus on areas where Latin America has enormous deficiencies, like infrastructure […] [i]t’s something that is quite novel and it is a route which we hope to continue to open up with the Chinese authorities” (Webber 2012). Furthermore, according to Inter-American Dialogue report and a Financial Times news report, Chinese state-owned bank has lent approximately $75 billion since 2005 and in 2010 China’s commitment to this region – as shown in the below graph – totalled $37 billion, which exceeded all the combined financial support of the World Bank, IDB, and the US.

![Graph showing lending by China, IDB, World Bank, and US Ex-Im Bank from 2005 to 2010.](image)


This is such a striking graph which illustrates and implicates that Chinese financing surpasses the World Bank, which is the global financial entity, and the IDB, which represents the Latin American financial institutions, and finally the US, which used to be the sole hegemonic country in the western hemisphere, combined for the year of 2010. This graph provides many ‘stories’ to be developed as such to see how Chinese finance in this region influences the regions’ recipients and their interrelation with China and other nation states,

\textsuperscript{13} China became an official member of IDB since 2009

\textsuperscript{14} http://www.ft.com/cms/s/0/7d15f6b2-71e5-11e1-8497-00144feab49a.html#axzz32AtA0fpH (accessed in 19 May 2014)
particularly the U.S. In this vein, this paper understands that there must be at least indirect financial support delivered in the realm of IIRSA regional project portfolio.\(^{15}\) In short, because China is increasingly present in this region and continuously accentuating the importance of infrastructure along with its financial mechanisms, this paper claims that China is a key financial player, to large extents, in the process of the South American regional integration projects. Thus, with the understanding to what extent China engages with Latin American in relation to infrastructure based financial aspect, the following section is to focus on China and Brazil and their relationship to understand the regional governance. In short, while demonstrating the fact that China and Brazil are mutually inter-dependent in terms of trade, the following section explores it links to the logistic competitiveness which is bounded with the idea of physical regional integration. Ultimately, this paper attempts to explain the lack of public input in the regional project, with special reference to Inter-oceanic Highway of IIRSA.

**Presence of China in shaping/accelerating regional integration effort in South America, in conjunction with (Brazil) national interest**

Given the nature of Brazil’s proactive role in leading South America as a whole and to some extent its location in a multilateral global order, this paper argues that, given the increasing presence of China in this region, emulating that of the U.S., there might be some correlative relationship to understand and explain why public (local) input was not to a large extent considered or obtained in the decision making procedure of regional integration projects, with special reference to the Inter-oceanic Highway, which has to do with the notion of logistic competitiveness. As one sees the following two Graphs i.e. Graph I and Graph II, respectively indicate how Brazil and China economy has been strongly and increasingly interdependent:

Graph I: Brazilian Trade with China (1995-2010)

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\(^{15}\) It has been hard to discern the amount/process of Chinese financial engagement with IIRSA project portfolio because of the nature of China, particularly in terms of financial investment
With respect to primary commodities, particularly soybean and iron ore, which are the
main exports to China, the percentage of exports has risen steadily as shown below in graph III:


<Source: Author’s calculation based on HS code (i.e. soybean*:1507 & iron ore**: 2601) from IDB.org>

*The description of HS 1507: Soya-bean oil and its fractions, whether or not refined, but not chemically modified.
**The description of HS 2601: Iron ores and concentrates, including roasted iron pyrites.

The above graph illustrates that the proportion of Brazil to China based on World export market according to soybean and iron ore both is above 50% according to data for 2012. These items are representatives of soft and raw commodities which are keys in understanding China’s interest in Brazil: Brazil is very important trade partner that enables China to realise its national interest, and likewise for Brazil. To reiterate, as explicitly shown Graphs above, China’s commodity-driven interest (i.e. soybean and iron ore) has been steadily increasing in Brazil, along with two consecutive following Graphs I and II respectively, indicating that the economies of Brazil and China have been strongly interdependent, hence, the logistic competitiveness for both China and Brazil is critically important.

A director from United Nation Economic Commission for Latin America and the Caribbean (UN ECLAC) in Brazil, emphasizing the importance of logistic competitiveness, this explains the rationale of regional integration as a whole. He, then, illustrated a news (April 2013) about a Chinese soybean importer company that had shifted to an Argentine
export trader to meet this need due to the delays in delivery, which was caused by construction on the Panama Canal’s and Brazil’s underdeveloped infrastructure (Interview, and newspaper article, April 2013). This implies that logistical constraints in Brazil are an ongoing obstacle that the government needs to actively engage. The Brazilian government is fully aware of this logistical hindrance to industrialization and trade. In this vein, there was a particular developmental program, called Avança Brazil, launched at the beginning of the 21st century under the leadership of Fernando Henrique Cardozo and the ethos and the aim of the program continued into the Lula government and to this current administration as a priority policy although its name has been changed to PAC 1, PAC 2, and PIL, respectively. This research finds that these national levels of domestic integration efforts are strongly correlated with South American regional integration projects and policies since the beginning of the 21st century under the name of IIRSA, and now called COSIPLAN (South American Infrastructure and Planning Council) under UNASUR. Therefore, as touched on above, Brazil is a proactively leading country that initiates and drives all South American countries to be part of this institutionalising procedure of physical integration.

Further connection to the line of logistic competitiveness, which is an important element for Brazil to consider for trade, a director of the Department of Infrastructure under the Ministry of Planning, Budget and Management, was interviewed and explained that the 16-18 latitude (i.e. approximately being located in capital city, Brasilia) is a critical thread/line that divides northern and southern Brazil in terms of logistic competitiveness. In short, below this latitude, cities including Rio de Janeiro and Sao Paulo would be better employing Atlantic route via Argentina toward Asia, particularly China for the purpose of exporting goods. Whereas, other cities, in which are located above this latitude, would be better using the Panama Canal to deliver items to trade. According to this director, by these two routes, it takes around 40 days from a port in Brazil to a port in China. From this it is clear that connecting the bi-oceanic highway is a critical advantage from the perspective of logistic competitiveness due to the fact it can drastically reduce the amount of time required to transport goods from Brazil across the Pacific, which takes around 25 days. In addition, the high cost of employing the Panama Canal can further reduce the cost of international

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18
19
20
maritime trade\textsuperscript{21}.

Therefore, realizing the Inter-oceanic Highway is critically attractive for Brazil economic interests as well as other countries, particularly China. In the equation between Brazil and China, employing the Inter-oceanic Highway, a head chief of the State Bureau of Forest Development, Industry, Trade and Sustainable Services (SEDENS) in Acre and a head director of National Council of Export processing zones (CZPE) of the Ministry of Development, Industry and Foreign Trade (MDIF) emphasized in our interview the importance of the export processing zone of Acre (March/April 2013). According to these interviewees, this export processing zone (ZPE)\textsuperscript{22} is designed to employ the newly developed Inter-oceanic Highway to support the Amazon region economy and ultimately to export products via this highway towards Asia, particularly China.

<insert a picture, ZPE>

In this similar line, which demonstrates the importance of the presence of China in stimulating regional integration, particularly via the Inter-oceanic Highway, could be summarized in the following sentence an interviewee, a Director-General who particularly works on South American regional infrastructure projects and policies at the Ministry of Foreign Affairs in Brazil (Itamaraty)

A China condicionado o processo de integracao e o investimento logistica – China conditioned the process of integration and logistic investment (interviewed April, 2013)

In addition to the regional level of importance of China, the current mayor of Assis Brazil emphasizes the role of China at a local/village level in employing this Inter-oceanic Highway which connects border cities, border states and bi-oceanic linkage. This mayor is highly motivated to realize foreign investment along with foreign travelers, particularly coming from China in/through this border town toward inner Brazil (interviewed March 2013). Therefore, although there was not found a specific flow of support from China, this paper found that there is circumstantial evidence that the presence of China itself in this South American region is a ‘catalytic agent’ contributing to regional integration effort with

\textsuperscript{21} It is based on a rate per ton applicable to all ships.

\textsuperscript{22} ZPE in Acre is a similar version to the free economic zone of Manaus (ZFM), which distinguishes is that the 80\% of all production in this zone designed to export and the remaining 20\% will be domestically distributed. Whereas, ZFM is 100 \% for export.
special focus on the Inter-oceanic Highway.

**Conclusion**

By means of analysing the domestic realm to see whether local actors were included in the consideration of regional projects, particularly the Inter-oceanic Highway along with Integration Bridge on the Brazilian side, this research has found that public input was largely excluded. This counters the nature of new regionalism, with special focus on ‘actor-ness’. In short, according to the existing literature on new regionalism studies, there is a distinctive feature that local actors engage to a great extent in decision-making procedures at the regional level of projects, which affect greatly life at the local level. To reiterate, however, it was not the case for this South American region, which was confirmed by empirically driven data (i.e. survey and interviews). In short, this local level of analysis demonstrates the extent to which existing new regionalism scholarship does not adequately consider South America. Locating an empirical case at a local level is designed to verify and at the same time concretize existing studies here in relation to regionalism studies.

This paper has explored the analytical aspects by which to understand why public input is lacking; in other words, what particular elements force the state (political) actors to bypass the local actors’ interest in the decision-making process of regional projects. Shedding light on two analytical factors in relation to 1) the importance of historical-led institutions and 2) the role of external actors, particularly Beijing, this found that these two elements increase our understanding of lack of public representativeness in this regional level of projects, particularly among leftist governments, here in Brazil.

With respect to historically embedded societal structure, which is a critical feature of Latin America as a whole, with special focus on Brazil’s Amazon area, this chapter found a concrete historical event, as can be considered a ‘kairos’\(^{23}\). In short, the rubber tree turned into ‘value’ and subsequently the military regime replaced this tree with cattle after the rubber tree became less useful. This research recognised and analysed these two separate entities (i.e. rubber and cattle) as especially meaningful societal factors which re-articulate the societal structure of Brazil, particularly the Amazon area. This thesis claimed that there is continuity in relation to dependence as characterized by the relationship between patron and the slave-like existence of the rubber tapper. This societally embedded structure constrains actors,

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\(^{23}\) ‘Kairos’ means time. However, it has to be distinguished from ‘Cronus’, which means also time. These two words are ancient Greeks. The former one refers to a particular moment/meaningful time, whereas the latter, chronological/sequential time.
particularly local actors tending to be excluded in regional projects. Thus, one axis – historically embedded societal structure - contains explanatory power in understanding the lack of public input in a regional project, here in the Inter-oceanic Highway, which previously discussed fieldwork has discovered. The other axis throughout this thesis presented was the internationally active actor in order to see how this external actor has related to this regional project, which eventually influence local sphere.

Thus, subsequently, this paper has tended to bring the argument of the role of China as in the local level to see how the presence of this external actor influences the decision-making procedure of regional projects, with special focus on the Inter-oceanic Highway. No direct engagement, such as finance, was found in shaping this type of regional project. However, as stated above, there is circumstantial evidence, which concerns China as an important trade partner in a pragmatic sense and also regarded as South-South partnership in a global realm, which is embedded in the ideological root. In this vein, as confirmed by some interviewees who are directly related to projects of this kind, China, as one of the financial powerhouses of the Pacific Ocean, is a critical customer which Brazil takes seriously. This paper asserted that as China becomes increasingly presence regionally and globally, Brazil plays a proactive role in leading and designing regional integration arrangements so as to meet Brazil’s national interest, economically (i.e. logistic competitiveness) and geo-politically.

Therefore, this paper claimed and found that the existence of China is a reason why and at least indirectly drives Brazil to be justified in taking a leading role in the regional project, with special focus on the Inter-oceanic Highway. To reiterate, coupled with the nature of the top-down political culture, which has been characterized as a historically embedded societal structure, Brazil’s (political) even leftist government, which is also keenly interested in expanding its economic ‘pie’ under the capitalist world economy in order to sustain its governing status upon its people, tend to justify the ‘means’ (bypassing the public interest) as long as the ‘ends’ (economic construction along with sustainable development) are met. By re-employing one of the interviewees’ statements, “China conditioned the process of integration and logistic investment” (April 2013). According to the discussed fieldwork, in order to increase our understanding of the lack of public representativeness, the historically embedded societal structure in Brazil, particularly the Amazon area, cannot be separated from the presence of China in this region along with the proactive role of Brazilian political elites in shaping contemporary South American infrastructure.
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