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BRAZIL AS A REGIONAL POWER: Views from the Hemisphere

Introduction

Cynthia Arnson and Paulo Sotero

Over the last decade, Brazil has played an increasingly prominent role in both hemispheric and global affairs. The examples abound: since 2004, Brazil has led the United Nations Mission in Haiti (MINUSTAH), played a central role in the 2009 Honduran crisis, and was instrumental in the creation of both the Union of South American Nations (UNASUR) and a new forum of Latin American and Caribbean countries. Brazil's economic performance surely plays a role in the country's enhanced regional and global quest for leadership. Now the 8th largest economy in the world, Brazil's GDP has expanded at an average rate of 4.2 percent since 2003 and is expected to grow at an even higher rate over the next decade.¹ By the end of 2009, Brazil's economy represented 40 percent of the total Gross Domestic Product (GDP) of Latin America and the Caribbean, and 55 percent of the GDP of South America alone.² Brazil's rise is reflected in its involvement on critical issues of global governance such as climate change, reform of the international financial architecture, food security, commodities trading, and international security; in the latter category was the Brazilian government's controversial attempt, along with Turkey,

¹ Source: DBRS chart based on Central Bank of Brazil numbers in "Response to Financial Tax Ruling Key to Brazil's Credit Ratings," January 2008, <http://dbrs.info/research/217861/response-to-financial-tax-ruling-key-to-brazil-s-credit-ratings.pdf>.

² According to International Monetary Fund figures, Brazil's GDP is 54.94 percent of South America's total and 39.6 percent of the total for Latin America and the Caribbean. See IMF, World Economic Outlook Database, April 2010, Report for Selected Countries, Gross domestic product, current prices (U.S. dollars).



and the five permanent members of the United Nations Security Council over Iran's nuclear program.

What is Brazil's view of itself, its role in the region, and its relations with its neighbors in the Western Hemisphere? In terms of its place within the region, what does Brazil want and why? Can the giant of South America consolidate its position as regional leader, given domestic constraints and resistance from its neighbors? Does Brazil see its immediate neighborhood as platform for its own global projection onto a rapidly changing world scene? Seeking answers for these complex questions, the Woodrow Wilson Center's Latin American Program and the Brazil Institute convened a day-long conference of distinguished foreign policy experts from throughout the hemisphere on March 12, 2010. Historian Leslie Bethell, professor emeritus at the University of London and a Brazil Institute senior scholar, was instrumental in planning and organizing the conference during a period of residence at the Wilson Center in early 2010.

This report summarizes the multiple and complex perceptions held by Brazilians as well as a host of other countries in the region regarding Brazil's "emergence" as a regional and global power. The first section considers the views of Brazilian scholars and analysts with respect to their role in the hemisphere. Participants reflect on how geography, history, and culture have shaped Brazilians' perceptions of themselves as members of a neighborhood they have only in recent decades begun to incorporate as part of their own national interest. The historic reluctance of Brazilians to see themselves as Latin Americans and the preoccupation that the United States could act in South America in ways that adversely affect Brazil's interests emerge as factors that—to this day—condition the

country's attitudes toward the rest of the hemisphere. A second section focuses on Argentine, Bolivian, Colombian, and Venezuelan perceptions of and responses to Brazil's rise as a regional power. Third, scholars consider Brazil's relations with Mexico, Central America, and the Caribbean, highlighting the country's role in Haiti and its close ties with a Cuba in transition as key elements of its exercise of "soft power." The concluding section, on Brazilian-U.S. attitudes toward one another, anticipates the conflicting views of the relationship—from the official American perspective that the two nations have national interests that are largely convergent to the opposite view, dramatically on display in mid-2010, when Brasília and Washington clashed openly over the Iranian nuclear program.

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Brazil's view of itself and the region

As an introduction to the first panel on Brazil's view of itself, its role in the region, its relations with its neighbors in the Western Hemisphere **Leslie Bethell**, senior scholar at the Woodrow Wilson Center, contextualized Brazil's emergence as a regional power by providing a historical overview of Brazil's relations with both the United States and Spanish America – divided into four broad periods.

In the first, from the establishment of an independent Empire in 1822 to the proclamation of the republic in 1889, political elites and intellectuals did not consider Brazil part of what Spanish American governments and intellectuals called *América*

Leslie Bethell



Latina. Except in the Rio de la Plata, Brazil's relations with the Spanish American republics were extremely limited. And Brazil did little to foster its relations with the United States.

During the second period, from 1889 to the Second World War, Brazilian governments—and, to a lesser extent, Brazilian intellectuals—became more interested in establishing close ties with the United States and were enthusiastic supporters of pan-Americanism. But after the peaceful resolution of a series of frontier disputes with its immediate neighbours, Brazil largely turned its back on the Spanish American republics once again. Latin America/Spanish America remained a world apart.

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

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

Speaking in a personal capacity rather than as a representative of the Brazilian government, Minister **Achilles Zaluar** of the Brazilian Embassy in Washington detailed some of the many historical reasons that Brazil remained distant from its Latin American neighbors for so long and why Brazil's ties to the United States cooled after the "unwritten alliance" period in the first half of the 20th century. To better comprehend Brazilian foreign policy-making, particularly the role of Itamaraty, Brazil's Ministry of External Relations, since the period of the Baron of Rio-Branco (1902–1912), Zaluar proposed a thought experiment: imagine yourself a student of geopolitics from planet Mars who has just stumbled upon detailed maps of the Western Hemisphere in the year 1900. Your first impression of Brazil would most likely be that the country is blessed with favorable geopolitical factors—an immense country with rich natural resources and navigable rivers, surrounded by 12 smaller nations that, at least individually, could not plausibly pose a threat. However, perhaps they could, with the help of the larger and far more populated country further north, the United States—Brazil's only potential regional rival. This line of reasoning is what led Itamaraty in the 20th century to first consolidate national borders through formal treaties and then distance itself from its hispanophone neighbors, then enter into an unwritten alliance of mutual understanding and détente with the United States, and finally, attract investment and immigration from Europe as a way to promote national development and counterbalance U.S. hegemony.

Following the Second World War, however, Brazil's foreign relations underwent two dramatic shifts. First, the unwritten alliance with the United States collapsed when Brazil felt it had been cast aside. Upon joining the allied

Achilles Zaluar



war effort and sending 15,000 troops to the Italian front, Brazil expected the start of a strong U.S.-Brazilian relationship; instead, U.S. attention—and reconstruction funds—centered on Europe, including the former Axis Powers, and Japan, not Latin America. In particular, the underwhelming U.S. response to Brazilian President Juscelino Kubitschek's 1958 *Operação Panamericana*—a massive regional financial cooperation plan that was designed to be Latin America's Marshall Plan—hurt the Brazilian psyche and led to a change of course. This traumatic abandonment, Zaluar argued, is what began the country's pronounced drift away from the United States. Brazil began to see itself as a mature, independent nation that was no longer in need of securing special relationships with stronger nations. It was through this very realization that the second shift occurred: in distancing itself from the United States, Brazil rediscovered the fact that it had neighbors and began to embrace the notion that it was a member of Latin America. Spurred on in no small part by the flourishing of Europe's regional integration project, Brazil sought increased trade and diplomatic ties with the rest of Latin America and dreamt up limited economic and political integrationist projects that would generate economies of scale and allow for a stronger international presence.

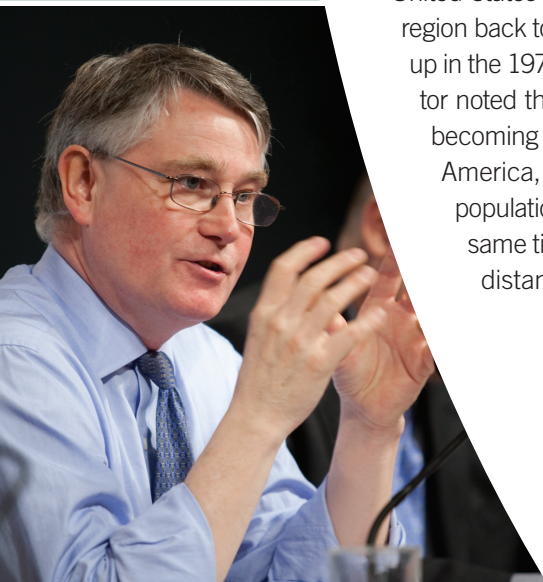
Matias Spektor, professor of international relations at Fundação Getúlio Vargas and visiting fellow at the Council on Foreign Relations, traced Brazil's hesitance to align with the United States and its reluctance to lead the region back to the Cold War period. Picking up in the 1970s where Zaluar left off, Spektor noted that Brazil was moving towards becoming the strongest power in South America, with over half of the region's population, territory, and wealth. At the same time, however, Brazil remained distant from its neighbors and, in

turn, its neighbors refused to concede to Brazilian regional leadership. Brasília preferred to deal with neighbors on an individual, ad hoc basis, eschewing regional institutions whenever possible. An underlying assumption pervading Brazilian thinking at the time was that one could become a major power without being a regional power: Brazil's attention was thus elsewhere.

This regional isolationism was tempered, however, by two factors, Spektor argued. First, there were increasing concerns over instability in the rest of the region—whether fueled by nationalism or socialism; second, there was the emerging notion that regionalism could work to Brazil's national security advantage. During the 1970s, Brazil's bureaucratic-authoritarian government was an active, albeit reluctant, participant in the Cold War. Brazil's military intelligence played a role in *Operação Condor*, the multinational military campaign to eradicate radical leftist influence and ideas in the Southern Cone of South America. Brazilian spies infiltrated opposition movements in Bolivia and Uruguay. Declassified documents have detailed Brazil's role in rigging Uruguay's 1971 elections and in supporting Chile's military coup d'état in 1973. This did not mean, however, that Brazil cooperated with the United States. For the most part, Brasília fought the Cold War unilaterally and on its own terms.

Brazil's clandestine activities were coupled with a marked increase in regional integration efforts. A new idea began to emerge that engagement and cooperation with the region could be used to Brazil's advantage. The idea that the region could function as a shield from the United States pushed Brazil to set aside earlier antagonisms regarding its nuclear programs and to put into place the foundation for Mercosur, the Southern Common Market. This shift in thinking can be understood as a transition in balance-of-power theory from a strategy of balancing to one of band-wagoning, Spektor explained. Whereas earlier, Brasília was fearful of its smaller neighbors banding together to counter Brazil's growing influence, the newfound

Andrew Hurrell



understanding was that those same states would not try to resist Brazilian hegemony, but rather concede to it. The reason for this was that balancing requires a leader to rally states together, and Argentina—South America’s only potential leader at the time—was on the verge of collapse in the 1970s and thus in no position to counter Brazil’s increasing clout. Substantive evidence demonstrating the consequences of this intellectual transformation can be seen in Brazil’s development of the Itaipu Dam with Paraguay, its laying of gas pipelines with Bolivia, and its ratification, alongside seven neighbors, of the Amazon Cooperation Treaty in 1978.

Andrew Hurrell, Montague Burton Professor of International Relations at Oxford University, looked at the more recent history of Brazil’s foreign relations; he argued that, beginning with Cardoso and quickening with Lula, the perception has grown that Brazil has finally assumed its place as global and regional leader. However, this rise to leadership was neither historically obvious, nor is it unqualified. Unlike Zaluar and Spektor, Hurrell noted that, for a long time, it was not at all clear that Brazil would emerge as South America’s leader. Despite its internal unrest, Argentina remained an economic and military power throughout the 1970s. Up into the 1980s, Brazil accounted only for about one third of South America’s gross domestic product; it was not until later on that Brazil’s economy expanded to account for roughly 60 percent of the region’s GDP. Politically, the crucial change came with the political and strategic rapprochement with Argentina in the 1980s, which was reinforced and consolidated by the economic success of Mercosur in the 1990s.

Hurrell pointed to important elements of continuity between the policies of the Cardoso and Lula administrations with respect to the region. It was the Cardoso government that spoke of Mercosur as Brazil’s ‘destiny’; that increased Brazil’s involvement in regional support for democracy and conflict management (as with the Peru-Ecuador conflict); and that stressed the importance of South rather than Latin America. But the scope and intensity

of Brazil’s regional involvement increased under Lula, alongside an increase in expectations over what Brazil could and should achieve. Mercosur was re-launched, the Union of South American Nations (UNASUR) was developed, and regional infrastructure activity increased—by 2008 there were over 500 infrastructure projects planned or in the works, totaling almost \$70 billion. Alongside this greater dynamism have been signs of a growing awareness that, as a regional power, Brazil must pay greater attention to the needs and wants of its smaller neighbors; there has also been a historically significant shift in the country’s willingness to become more involved multilaterally in regional security issues (as with Haiti and the South American Defense Council).

There are real limits to what Brazil has been able to achieve, however, noted Hurrell. The country lacks the economic resources to engage in the large-scale provision of regional public goods; its military power remains limited; domestic political opinion on whether the country should play a more assertive regional role is divided; and it has found it difficult to cultivate ‘followership’ in the region and a broad acceptance of its role on the part of other regional states. Brasília can only lead if and when

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Andrew Hurrell, Montague Burton Professor of International Relations at Oxford University

its neighbors agree to follow. Brazil’s attitude toward regional institutions also remains ambivalent. On the one hand, institutions are potentially important for Brazilian leadership, by structuring interactions, setting agendas, and embedding its ideas within

regional institutions. On the other hand, regional institutions are weak: Mercosur is arguably less coherent and effective than it was in the 1990s and many of the new institutions are underdeveloped, in no small part due to Brazil's continued reluctance to bind itself to international institutions that would restrict its autonomy. However, in contrast to earlier periods, Brazil cannot escape from deeper involvement in the region and its problems, above all because of the increased density of regional links and forms of interdependence.

Thomaz Guedes da Costa, professor of National Security Affairs at the National Defense University, noted that whether Brazil's perception of itself within the Western hemisphere will be characterized by continuity or change does not necessarily depend on who wins the October 2010 presidential election. Much will depend on how others perceive Brazil and its role in the inter-American and global systems. Since at least the late 1970s, there has been remarkable continuity in Brazil's grand strategy for growth and development—pursuit of the aerospace, nuclear, bio-technology, agriculture, mining, oil, and ethanol industries—as well as the desire to become a “rule-maker” in the international system. Guedes da Costa noted that the generation of Brazilian decision-makers (“the class of ‘79”) and bureaucrats currently in power were socialized during the period of disappointment with the United States noted by Zaluar and Spektor and of perceived constraints created by technology export control regimes of advanced countries.

In past decades, Brazil has sought to match economic influence with a prominent role in security affairs. It promotes itself as a power broker and as a moderating actor. It aims to produce changes in the international system. For instance, it portrays itself as a country that should represent the aspiration of developing countries in an eventual reform of the United Nations Security Council. Brazil has looked to Germany, Russia, China, and France, among others, to pursue strategic partnerships to enhance its assertiveness and national security goals, in spite

of U.S. concerns. But decisions are also ambivalent and have unintended consequences, especially when Brazil moves to play the major powers' game. Its nuclear policy is ambivalent.

Guedes da Costa argued that under the intricate bilateral and multilateral non-proliferation measures negotiated earlier with Argentina and with the International Atomic Energy Agency, Brazil would likewise have benefited by staking its own ground in the realm of nuclear power, by declining to sign the Nuclear Non-Proliferation Treaty (NPT). Signing the Treaty in 1997, he said, may have been a strategic mistake. The diplomatic payoff was less than the commercial and technological gains. Measured in terms of post-Cold War *realpolitik*, Guedes da Costa maintained that Brazil's political status was not enhanced as a result of its decision to join the Treaty. Brazil's position contrasts with that of India, a non-signatory of the NPT, which reached a nuclear agreement with the U.S. government during the George W. Bush administration; the agreement includes transfer of technology. In the view of foreign policy advisers in the Lula government, Brazil's earlier decision now threatens the country's ability to enrich and share nuclear fuel unless it observes the NPT Additional Protocol, which the country has already announced it will not sign.

Brazil and South America

Brazil's role of regional leader in South America is not undisputed. As noted by Latin American Program director **Cynthia Arnson**, while smaller states such as Bolivia may be inclined to accept Brasília's leadership, larger neighbors have challenged Brazil's hegemony either openly or discreetly. Hugo Chávez has sought to expand Venezuela's influence in the region but has found ways to exploit Brazilian leadership to advance his own interests. At the same time, historic rivalries with Argentina have complicated Brazil's would-be hegemony in the Southern Cone, and

Colombia's strong ties with the United States serve to diminish Brazilian influence there. To delve further into some of these questions—including whether Brazil is a regional leader, acts like a regional leader, and is perceived as a regional leader—the second panel explored Brazil's growing role in South America as well as the varied South American responses to more assertive Brazilian leadership.

Michael Penfold, associate professor at the Institute for Advanced Studies in Administration (IESA) in Caracas, argued that Venezuela has not directly challenged Brazil's increasing leadership activity within South America, but rather, has found ways to benefit from the country's leadership. In the last decade, several regional and international changes worked to Brazil's benefit and helped paved the way for its more active role in contemporary South American politics. First, in terms of economic growth and development and trade integration, the region is in a much improved situation as compared to the 1990s. This worked to Brazil's favor, as the country was best positioned to take advantage of the economic upswing: Brazil is among the most important foreign direct investors in Latin America today and Brazilian firms are among the most active investors throughout all Latin America. Second, for a variety of reasons Mexico plays a far less active role in Central America than it did in the 1990s, and Brazil adeptly took advantage of the ensuing vacuum. Third, in the last decade the United States likewise has exerted far less influence and has been far less of a presence in the region. This likewise opened up space for Brazil to expand its own influence. Finally, the polarization around market economic reforms and the emergence of a new social agenda worked to Brazil's benefit as well. The country has embraced and promoted a number of pragmatic social policies to its receptive neighbors.

Venezuela does not have a history of deep relations with Brazil. Trade relations between the

two countries are limited and diplomatic relations have been largely inactive until quite recently. In fact, Venezuela has historically felt threatened by its southern neighbor, perpetually afraid that Brazil was interested in expanding northward into the Amazon frontier. This relationship improved drastically under Venezuelan President Rafael Caldera in the late 1990s, when Brazil began to be seen as a potential market for oil (and a way for Venezuela to diversify its markets and rely less upon the United States). Prior to the recent discoveries of vast amounts of deep-water oil deposits off the Brazilian coast, the country was projected to need massive amounts of oil imports. Brazil's newfound energy independence, however, has since strengthened Brasília's hand vis-à-vis Caracas.

With the ascent to power of Hugo Chávez in 1998, Venezuela began to use Brazil's modest efforts at regional leadership to its own advantage in two ways. First, Chávez supported Brazil's efforts at South American integration as a way to counter-balance U.S. hegemony. Second, Chávez sought to boost Venezuela's trade relations and economic integration with Brazil as a way to replace Colombian economic influence and imports. However, while Brazil's ascent has helped to advance Chávez's anti-American agenda for South America, Penfold noted that Venezuela's foreign policy has not and will not always parallel Brazil's. This does not bode well for Chávez, as Venezuela needs Brazil far more than Brazil needs Venezuela.

The future of South American integration rest upon a solid Argentine-Brazilian political alliance, insisted **Dante Caputo**, special advisor of the Secretary General of the Organization of American States and former foreign minister of Argentina. In the beginning of the 1980s, bilateral relations between Argentina and Brazil were terrible. As late as December 1983, the Argentine armed forces still saw it necessary to create contingency plans in the event of war with Brazil.

The transition to democracy in both countries, however, led to an abrupt about-face in bilateral relations. In the span of a few years the two countries went from being enemies to allies, to the point where, in 1986, both countries shared with each other the details of their secret uranium enrichment plants.

Relations soured again just as fast as they had improved following the election of Carlos Menem in 1989. He chose to develop a strong political alliance with the United States at the direct expense of Brazil; the alliance with Brazil was relegated solely to the economic realm and thus to the whims of the market. Bilateral relations have yet to recover from this decision. Caputo expressed confidence, however, in the rebuilding of a strong political alliance. Relations improved dramatically within a short span of time in the 1980s; it can happen again. What is needed to reestablish a strong political partnership is political will, not another set of regional institutions. According to Caputo, Latin America has seen the proliferation of more than enough institutions over the past decade. Brazil's presidential elections in late 2010 provide the perfect opportunity to "reset" bilateral relations. There would be little public resistance on the Argentine side; all that is needed is a long-term political partnership between the two countries.

At the heart of Brazilian-Bolivian relations is the intimate friendship between Lula and Bolivian President Evo Morales, insisted Global Leaders Fellow at the University of Oxford **George Gray Molina**. Bolivia's diplomacy has been quite erratic over the past two decades, and diplomacy under Morales has been no exception. For instance, La Paz has engaged in ideologically-driven foreign policy when it

comes to relations with Peru, Colombia, and the United States, and pragmatically-driven foreign policy when it comes to Argentina, Chile, and, particularly, Brazil. This latter strategy had enormous payoffs in late 2008: the escalation of political tensions between the central government

Brasília will be confronted with increasing tension between its regional and global aspirations.

Global Leaders Fellow at the University of Oxford George Gray Molina

and the regional opposition over the shape of the new constitution, among other issues, was adroitly defused by Lula's personal involvement, alongside diplomatic support from UNASUR. Besides shoring up Evo's support base in the *Media Luna* region³—the regional opposition largely collapsed after this political standoff—this event also marked a step forward in terms of Bolivia's democratic consolidation. It marked the first time in years that a significant political crisis did not necessitate involvement by the Organization of American States. Brazil's involvement did not come without costs, however. Bolivia's scathed opposition emerged wary and suspicious of Lula, Brazil's regional leadership, and Latin America's multilateral institutions.

The significance of the Evo-Lula relationship to bilateral Bolivian-Brazilian relations is most apparent with respect to the natural gas industry and the anti-narcotics issue. Indeed, the most momentous event of recent times between the two countries was Bolivia's decision, on the symbolic date of May 1, 2006, to take over Petrobras-owned natural gas plants. This move ruffled

³ The *Media Luna*, or "half moon," refers to a geographical area in eastern Bolivia comprising the provinces of Santa Cruz, Beni, Pando, and Tarija, where opposition to the Morales government is strongest. [Ed.]

George Gray Molina



many Brazilian feathers, as Brazil is, by far, Bolivia's largest market for natural gas exports. Lula has gone on the record explaining that he did not fight nationalization for a variety of reasons, including the asymmetric power relations between the two countries and, more telling, the fact that he could not conceive of a Brazilian metal worker fighting with a Bolivian Indian—referring to Lula's earlier career as a metallurgical worker and Evo's Amerindian ethnicity. The last five years have seen the flourishing of a special relationship between the two leaders.

It is for this reason that Gray Molina believes Brazil will play an important role in the realm of anti-narcotics as well. Bolivia is the third largest producer of cocaine in the region and 80 percent of Bolivian cocaine destined for Europe and Africa now moves through western Brazil. Having suspended anti-drug operations by the U.S. Drug Enforcement Administration (DEA), Bolivia is in a prime position to benefit from a new counternarcotics strategy at the multilateral level. Given the increase in drug-related crime and violence, the anti-narcotics arena is one in which Brazil could and should exert its regional leadership.

Brazil might be an emerging global power, but, as far as Bolivia is concerned, Brazil is already an established regional power. However, Gray Molina argued that Brasília will be confronted with increasing tension between its regional and global aspirations. These dual roles will necessarily demand conflicting stances, assurances, and actions over the formal norms and procedures undergirding international relations. Wary of hegemons like all small countries, Bolivia nonetheless remains hopeful that Brazil's regional and global leadership will be marked by an adherence to strong multilateral institutionalism.

Arlene B. Tickner, professor of international relations at Bogotá's Universidad de los Andes, argued that Brazil needs both to take on a more active role vis-à-vis Colombia's internal conflict and to stand up to Chávez's

troublemaking if it wants South America to take seriously its aspirations as regional leader. As is the case with many of Brazil's neighbors, historically, Brazilian-Colombian relations have been defined by mutual invisibility. Despite the fact that the two countries share a more than 1,000 mile border in a region of great strategic interest to Brazil and that both suffer from shared problems of drugs and weapons smuggling, Brazil has largely ignored its northern neighbor. Colombia, however, is partially to blame for these poor relations; Bogotá's strong alliance with the United States has precluded the need to establish stronger relations with its neighbors.

Nonetheless, Lula and Colombian President Álvaro Uribe built a pragmatic partnership during the 2000s and established the framework for what many were calling a "special relationship." Pushed by Lula and by Brazil's recent embrace of regional responsibilities, this political relationship was complemented by a strong recent surge in economic relations. For example, bilateral trade more than quadrupled from 2003 to 2008; the Colombian Air Force bought 25 Brazilian-made Super Tucano counter-insurgency airplanes; and Brazil was Colombia's third largest foreign investor in 2007. The intensified relationship culminated in mid-2009 with the signing of a bilateral defense accord to share military information, engage in joint training exercises, facilitate border surveillance, and, most importantly, permit both sides to fly into the other's airspace.

Bilateral relations began to unravel, however, when, in October 2009, Colombia signed an agreement with the United States allowing U.S. personnel to be stationed at various Colombian military bases. Tickner argued that Colombia was taken aback and

Arlene B. Tickner



deeply disappointed by Brazil's staunch disapproval of the seemingly innocuous agreement, because of the Uribe administration's misreading and misunderstanding of Brasília's intentions with its northern neighbor and its distrust of the United States. While it was true that Brazil had sought improved ties with Bogotá, it was incorrect on Colombia's part to see this as support for the government against guerrilla insurgents. Much to the dismay of Bogotá, Brazil—like most of its neighbors—is reluctant to label the Revolutionary Armed Forces of Colombia (FARC) a terrorist group. Likewise, Colombia incorrectly assumed that Brazil would be more supportive of an increased U.S. presence in Colombia, in part as a way of counterbalancing Chávez's increasing influence in the region. Such misunderstandings are telling of Colombia's weak grasp of Brazil's intentions and also of both countries' divergent interests—a potential issue hampering Brazil's regional aspirations.

Brazil's Relations with Mexico, Central America, and the Caribbean

Beyond its South American “backyard,” Brazil has also played a leadership role within the greater Latin American region. Director of the Brazil Institute **Paulo Sotero** highlighted Brazil's increasing interest and growing presence in Mexico, Central America, and the Caribbean. In particular, he noted that Brazil has established relations and opened embassies in each and every Caribbean country, far surpassing the U.S. diplomatic presence in the region.

Olga Pellicer, professor of international studies at the Instituto Tecnológico Autónomo de México, argued that Mexico may well see Brazil as South America's leader. That said, however, in terms of Latin America, Mexico believes it most certainly plays a key role as well. Mexico is the second largest country in Latin America and its income per capita is far higher than that of Brazil's. In a telling comment on the earlier panels, Pellicer noted that Mexico had been largely ignored in the discussion; this is largely the perception of Mexico from Brasília as well. Following passage of the North American Free Trade Agreement (NAFTA), Brazil has shifted the terms of the debate to limit regional integration to South America at the expense of Mexico, Central America, and the Caribbean. Pellicer claimed that this move was deeply resented by Mexico, which has since felt as if it is being excluded from the rest of Latin America. Furthermore, this rivalry is too deep-seated and consequential to be ignored by Brazil: Mexico has been central to the effort to block reform that would allow for an enlargement of permanent members of the United Nations Security Council, something that would likely result in Brazil's being offered a permanent seat.

In the past year, however, there have been efforts to turn this rivalry into one of mutual partnership. Lula and Mexican President Felipe Calderón negotiated the beginning of a strategic economic alliance following a bilateral meeting in Cancún, Mexico, in February 2010. This alliance reflects a deeper understanding concerning investment, joint ventures, and economic cooperation. Most importantly, it holds forth the possibility of a free trade agreement between Latin America's two largest economies that still have surprisingly poor economic relations (with the exception of Mexican direct investment in Brazil) and engage in limited bilateral trade. Whether or not the alliance succeeds is another question. Factors influencing its possible success include whether the two

Arturo Cruz, Jr.



countries can find common ground given their many divergent features. For instance, whereas Mexico's external relations are dominated by the fact that its neighbor is a superpower, Brazil has far more leeway. Eighty percent of Mexico's trade is with the United States and approximately 20 million Mexicans live north of the U.S.-Mexican border. Brazil, on the other hand, is South-oriented and characterized by far more diversified trade relations. Additionally, Mexico has opened its economy while Brazil has opted to remain closed. Politically, however, Mexico has been more insular and inward-oriented, while Brazil has embraced wholeheartedly its role as an emerging global power.

According to Pellicer, Brazil needs Mexico's assistance if it wants to lead Latin America. Together, their influence would be great enough to find pacific solutions to ongoing regional disputes and to push forward a Latin American agenda through multilateral institutions. The possibility for such an economic and political alliance, however, is not great. Obstacles preventing this potential partnership from coming to fruition include the lack of political momentum in Brazil, the fact that the private sector and the media are not yet on board with this largely political elite-driven initiative, and that, as of now, the two countries' stances on a number of issues are too far apart to be bridged easily.

Arturo Cruz, Jr., of INCAE Business School in Nicaragua and Costa Rica, argued that one must disaggregate Central America in order to truly understand the extent to which Brazil is a regional leader there. For instance, Brazil's presence and influence in Honduras and Nicaragua are far less visible and tangible than is the case for El Salvador. One should not infer from the fact that deposed President Manuel Zelaya sought refuge in the Brazilian Embassy in Tegucigalpa that the Brazilian government is actively engaged in Honduras. Given the ideological divide between Lula and Nicaraguan

President Daniel Ortega, there has not been a strengthening of political relations between Brasília and Managua; however, Brazil is increasingly interested in solidifying economic ties. Cruz noted that Lula has recently decided to take a gamble on Nicaragua with the announcement of a \$600 million investment for construction of Tumarín—Nicaragua's soon-to-be largest hydropower project with an energy generation capacity of up to 220 megawatts. Even so, Venezuelan aid to Nicaragua means that Brazil is not the only regional power to have influence in Managua.

Brazil's regional leadership is less contested in El Salvador, Cruz continued. The global economic crisis has been hard on El Salvador, which was struggling before the crisis even hit. Yet, despite sluggish economic growth, a quickly rising public debt, the curtailing of electricity subsidies, and deteriorating citizen security, President Mauricio Funes has enjoyed approval ratings above 75 percent. One reason for this, Cruz hypothesized, is Lula himself and the increased Brazilian influence in San Salvador. Lula's model of macroeconomic stability alongside poverty reduction has resonated in the country. Tangibly, the *Banco Nacional de Desenvolvimento Econômico e Social* (BNDES), Brazil's state development bank, has extended offers to finance the replacement of buses for El Salvador's public transportation system; Brazilian construction firms have won grants to build four new hospitals; and the Brazilian government is extending technical assistance in the hopes of establishing an ethanol agreement with the country.

El Salvador's closer relations with Brazil—as opposed to Venezuela—have thus meant good relations with the United States. In addition, Lula

Olga Pellicer



has had a personal role in Salvadoran politics and has a strong relationship with Funes. Funes' Brazilian wife (she is now a naturalized Salvadoran citizen), Vanda Pignato, served as the Workers Party representative in Central America. Lula is among the factors, Cruz argued, that have helped steer Funes in the direction of Brazilian-style social democratic leftism. More broadly, Lula has also been crucial in helping persuade the Farabundo Martí National Liberation Front (FMLN) to recognize the limits of Chávez and his radical brand of Latin American leftism. Chávez has been Brazil's only real obstacle to regional leadership, argued Cruz, since Mexico is no longer the relevant player in Central America that it once was, and the United States has, by and large, chosen to ignore the region.

Brazil's regional leadership in the Caribbean is best encapsulated in its positions on Cuba and Haiti, explained **Johanna Mendelson Forman**, senior associate at the Center for Strategic and International Studies. Brazil's broader interests in the Caribbean are mostly economic; Brazilian companies use the loopholes in the Caribbean Basin Initiative and Central American Free Trade Agreement (CAFTA) to export ethanol tariff-free to the United States. Politically, though, relations with Cuba and Haiti are more consequential in terms of Brazil's soft power in the region.

Brazil's relationship with Cuba goes way beyond the solidarity with the Castro revolution. The relationship may have the potential to provide Brazil with a springboard to markets in the Caribbean and the United States. It is also not a coincidence that Brazil's relationship with Cuba has other payoffs at the United Nations; there, the Cubans, who are the masters of multilateralism in that institution, can help advance the Brazilian agenda among their friends in the Non-Aligned Movement that

exercises power only within the UN context. This relationship may ultimately help Brazil in its quest for a seat in a reconfigured Security Council, something that is now on the radar screen of many of the permanent five members.

Lula has visited Havana on four separate occasions since taking office. The reasons for this are three-fold. First, expressing adoration for the Castro brothers and denouncing the U.S. embargo helps Lula reinforce his radical base back home and shore up his support throughout Latin America. Second, Brazil has an economic agenda for the island nation: Brazil is Cuba's fourth largest trading partner. On his latest trip, Lula announced loans worth \$950 million to be used for food, agricultural investment, and the modernization of the Cuban port of Mariel. Beyond solidarity and economic self-interest, however, lies Brazil's strategic effort at increasing its global clout, added Mendelson Forman.

Despite the importance of Brazil's relationship with Cuba, Brazil's regional leadership is by far most visible in Haiti. Even before the 7.0 magnitude earthquake struck on January 12, 2010, Brazil played a commanding role in the country. Brazilian peacekeepers make up the largest and most significant force in the U.N. Stabilization Mission, MINUSTAH, and a shared African heritage and similar cultural influences have traditionally tied the two countries together. Since reconstruction began, Brazil has become the de facto voice of Latin America on Haiti's well-being and future. For example, it has been Brazil that spoke out again a possible long-term U.S. military presence there for the purpose of disaster recovery. Alongside the United States, Brazil has been the main actor and engine of commitment to Haiti's economic recovery and reconstruction, a complement to its leading peacekeeping role under the auspices of the United Nations. In this sense, Mendelson Forman argued that Brazil's role in Haiti demonstrates Brasília's dual desire to exert regional leadership, but within a multilateral, institutional context.

Johanna
Mendelson
Forman



Brazil also considers its mission in Haiti as an important part of its broader outreach to the Caribbean, as demonstrated by President Lula's frequent visits to Haiti during his term of office. In February 2010, after the earthquake, he made a stop in Port au Prince as part of what was described as "a strategic tour of Latin America." Some have argued that Haiti has been a key element of Brazil's strategy to assert its status as a regional power in the international arena. Its leadership in the military division of MINUSTAH and its convening of other Latin American ministers to develop a Latin American approach to this fragile state has been effective in terms of bringing Brazil's leadership agenda into the open. It has also served to irritate some countries of the region, who see Brazil's interest as a means of achieving other foreign policy goals on a larger international stage. In reality, however, Brazil's ability to steer a process of coordination around Haiti since 2004 only underscores how totally distracted the United States was in Iraq and Afghanistan to pay much attention to what has happened in the region.

Brazil as Viewed by the United States

Introducing the fourth and final panel on U.S. perceptions of Brazil **Leslie Bethell** commented that the United States is beginning to take account of the fact that for the first time another American state has serious aspirations to become both a regional power—in South America, perhaps even in Latin America, a region in which the United States has been the undisputed hegemon for more than a century—as well as a global power. Is the United States prepared to allow Brazil to assume a leading role in South America at least, especially if Brazil is able to control its more troublesome neighbors and maintain stability in a region of low priority – a role, it should be said, Brazil has historically always been

reluctant to play. It will not be easy for the Obama administration now to make Brazil a strategic partner in both regional and global affairs, if this is what it wishes to do, not least because Brazil under the Lula administration has shown little interest in making closer relations with the United States a top priority.

The United States has always perceived Brazil as a regional power, insisted **Christopher McMullen**, deputy assistant secretary of state for the Western Hemisphere. Furthermore, Brazil's emergence as a global power—as well as its leadership role in promoting regional integration—has been wholeheartedly embraced by the United States. The conventional wisdom that holds that South American integration efforts are harmful to U.S. interests is unfounded; multilateralism is a positive-sum game. However, a prerequisite to Brazil's heightened presence on the international stage is safer and more secure borders at home. As the region's leader, Brazil needs to address South America's numerous intra-regional problems: border disputes, ongoing tensions, and, especially, Colombia's internal struggle and the conflict with its immediate neighbors.

McMullen insisted that Washington does not see Brazil's rise as the United States' loss. The United States actively supports a greater role for Brasilia within South America; in fact, the United States has been working relentlessly to facilitate improved Brazilian-Colombian relations. This is because the United States wants regional issues to be resolved from within. The U.S. role should be secondary, as a facilitator of discussion; the United States excels in bringing countries together to the negotiating table. As Brazil is increasingly doing this itself, the bilateral relationship is only improving with time.

The healthy state of contemporary U.S.-Brazilian relations is best embodied in the bilateral Global

Christopher McMullen



Partnership Dialogue established in March 2010 by U.S. Secretary of State Hillary Clinton and Brazilian Minister of Foreign Relations Celso Amorim. This agreement recognizes that the two Western Hemisphere powers are like-minded democracies with mutual points of convergence, such as concern for the environment, the development and promotion of biofuels, and various existing economic partnerships. One central objective of the Dialogue is for both countries to deal jointly with regional issues such as narco-trafficking that neither could solve on its own. During Secretary Clinton's visit to Brazil in March 2010, she signed agreements to cooperate on issues of social justice, such as promoting women's rights. Another objective is the creation of an institutionalized platform with which both countries could deal with irritations in the relationship. As with all friends, the United States and Brazil have disagreements, the two most pressing ones at the moment being relations with Iran and bilateral trade disputes.

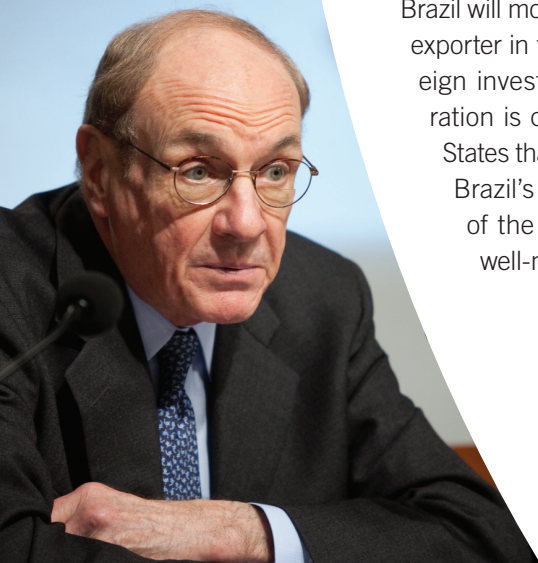
The United States has been slow to comprehend Brazil's transformation into an economic and political power, argued **Riordan Roett**, director of Western Hemisphere Studies at The Johns Hopkins University School of Advanced International Studies. Numerous contemporary developments have worked in Brazil's favor and have allowed for this growth. For instance, the discovery of pre-salt oil reserves off the Brazilian coast means that Brazil will most likely be a major petroleum exporter in the next five or six years. Foreign investment spurring on oil exploration is coming less from the United States than from China, and Petrobras, Brazil's national oil company, is one of the most financially sound and well-managed oil companies in the

world. Furthermore, Brazil's sugar-based ethanol is far superior to the United States' corn-based ethanol. Finally, as the U.S. economy sluggishly recovers from the global economic crisis, Brazil's GDP is estimated to grow at 6.2 percent, spurred on by skyrocketing domestic consumption.

These changes have transformed Brazil—alongside India and China—into a global power and the United States needs Brazil in order for international negotiations on a plethora of issues to proceed. The Doha Development Round of international trade negotiations will not conclude without Brazil's backing. Reform of the international financial architecture must be on Brazil's terms as well. Indeed, Brazil's sound regulatory frameworks, high bank reserve levels, and strong oversight ensured that the country's economy was one of the last major economies to be hit by the 2008 recession as well as one of the first to emerge from the recession. Finally, climate change talks will not get anywhere unless the owner of most of the Amazon rainforest is on board. Even looking back to the 2009 United Nations Climate Change Conference, it was Brazil, India, and China at the head of the negotiating table.

The United States needs to adapt to Brazil's newfound leadership position lest it lose its influence in Brasília. Brazil has a long history of diplomatic and trade relations with Iran, and Lula has successfully worked to strengthen these ties. Bilateral trade has quadrupled in the last five years and, if the pre-salt fields do indeed produce the amount of oil expected, Brazil is expected to become a member of the Organization of the Petroleum Exporting Countries (OPEC). Additionally, whereas 25 years ago Brazil looked automatically to the United States for weapons procurement, it now scours the open market instead. It is France's Dassault Aviation, not the United States' Boeing, that will supply the Brazilian Air Force with 36 jet fighter planes and France's DCNS that is helping the Brazilian Navy build nuclear submarines. The United States can

Riordan Roett



U.S. presidents often assume incorrectly that the United States and Brazil share much in common and initiate discussion of strategic partnerships, only to soon realize that the two countries are too far apart on key issues to broadly cooperate with each other.

***President of the Inter-American Dialogue
Peter Hakim***

no longer assume that Brazil will necessarily look to Washington when weighing issues and making decisions; it must accept Brazil's new role as a global power and work harder to develop and retain a strong bilateral relation.

U.S.-Brazilian relations are not satisfactory today. That, however, is to be expected, not merely lamented, argued president of the Inter-American Dialogue **Peter Hakim**. The past year in particular has been characterized by frictions in the bilateral relationship. Brazil has been perceived in Washington as not being particularly helpful to Obama's foreign policy agenda. Brasília has likewise made it clear that it feels disappointed by the Obama administration for not making enough headway on the changes it had hoped for. To be fair, it has often been the case historically that new U.S. administrations' relations with Brazil initially start out strong, only to sour quickly. Hakim hypothesized that the reason for this is because new U.S. presidents often assume incorrectly that the United States and Brazil share much in common and initiate

discussion of strategic partnerships, only to realize soon thereafter that the two countries are too far apart on key issues to broadly cooperate with each other.

Disagreements have outnumbered agreements, Hakim said. For example, Brazil wanted far more from the United States in terms of reforming U.S. policy toward Cuba. As a result, the Obama administration felt aggrieved by Brasília's pressure. The United States saw its actions toward Cuba as limited but critical, an important step forward on the politically perilous path of engaging Cuba. Tension has likewise come from the fallout over the U.S. response to the Honduran political crisis and Brazil's outspoken criticism of the U.S.-Colombia security agreement. Brazil's relations with Iran, its warmth toward President Ahmadinejad, and its uncritical statements about the country's nuclear ambitions are a source of particular tension.

Because most large countries have numerous divergent interests, they generally do not have strategic partnerships with other large countries. It is not surprising that the interests of Brazil and the United States diverge on many issues. Hakim proposed that perhaps a better approach to improving the bilateral relationship is to start with the presumption that the two countries are strategic adversaries—that their interests are not convergent. If Brazil and the United States stop making the unfounded assumption that their interests are mostly shared, perhaps negotiations would be less fraught with disappointment and perceptions of lost opportunities. This may be the path, according to Hakim, toward finding some measure of common ground on such contentious issues as climate change, international trade negotiations, and nuclear non-proliferation. ■

Photo of President Lula during the G-Rio Latin American and Caribbean Summit by Ricardo Stuckert, courtesy of the Government of Brazil's Press Room, available at http://www.info.planalto.gov.br/exec/inf_fotografiagrande.cfm?foto=22022010P00032. Photo of Palácio do Itamaraty by Xenia Antunes from Flickr, http://www.flickr.com/photos/xenia_antunes/168053539/. Photo of Ponte Estaiada (a.k.a. Ponte Octávio Frias de Oliveira), São Paulo, Brazil, by Marcos Leal from Flickr, <http://www.flickr.com/photos/marcosuk/3192059946>

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