The 15-year period from the early 1990s to the mid-2000s of US-Latin American economic relations was marked by the American project for a hemisphere free trade area. The project began as a hub-and-spoke structure to promote trade liberalization, with the US at the center of the “Initiative for the Americas,” fathered by George Bush senior in 1990, and moved on to become the so-called Free Trade Agreement of the Americas (FTAA) in December 1994. In reality, though, the US government conceived it simply as a gradual extension of the North American Free Trade Agreement (Nafta) to the whole region. Following preliminary consultations from 1995 to 1999 — during which Brazil supported a building-blocks model, i.e., preserving existing structures, among them Mercosur (the Southern Common Market) — real negotiations started thereafter, when substantial differences among the main players became evident.

Brazil was always suspicious about the US real commitment to trade liberalization, especially in agriculture, where the powerful Brazilian agribusiness sector has its main competitive advantages. Those fears were fully justified when the mandate to negotiate approved by the US Congress in 2002 — the Trade Promotion Authority (TPA) — confirmed both the extremely modest US opening in areas considered most relevant for Brazilian export competitiveness, and the maintaining of restrictions in traditional industrial segments (usually labor-intensive sectors, but also steel). Brazil’s sensitivities related mostly to industrial segments with high-technology intensity, the services sector, and investments and intellectual property rights. Both countries became co-chairs of the negotiating process in November 2002, thus having the power to determine the success or failure of the whole undertaking. Protectionist obstacles from both sides, compounded by the ill will of the new Worker’s Party (PT) administration in Brazil toward the FTAA project, brought negotiations to a standstill at the November 2005 Mar del Plata summit. Meanwhile, the US had already

Diplomat; professor in the Master of Laws program, Centro Universitário de Brasília Uniceub (pralmeida@mac.com).
initiated the “minilateralization” of its trade strategy, offering alternate models to different groups of countries and consolidating a network of trade agreements that, while excluding Mercosur, started to link a large number of economies in the hemisphere, including Chile, to the American model of free trade.

In the political sphere, the scenario was plagued by negative issues, such as drug traffic — and related ‘spin-offs’, such as narco-guerillas and organized crime — and illegal immigration, both tackled unilaterally by the US, and earning the antipathy of its main allies in the region. US attempts to settle the issues on the supply rather than the demand side did not stimulate the search for cooperative solutions to those problems. They ended up creating misunderstandings, acrimony, and accusations at bilateral or regional meetings. Some of the US initiatives, such as the Colombia Plan to fight narco-guerillas in that country, with billions of dollars in financial and technical support from Washington, aroused more suspicion than support — in Brazil and elsewhere. Political developments throughout the continent made a further major contribution to the deterioration of relations, as there emerged new leftwing political leaders clearly unsympathetic to the hegemonic center, and certainly opposed to the American goal of hemispheric integration based on trade opening and guarantees for American direct investment.

Notwithstanding this, Brazilian relations with the US on the one hand, and Latin American countries on the other, evolved positively. In spite of the expansion of investments and exports of manufactured goods, integration schemes behaved more erratically, while political frustrations arose about specific aspects of the double relationship. Changes in Brazil-US relations have been scarcely perceptible: there was no change at all in trade disputes. Personal relationships between the leaders evolved, from the real empathy of the Fernando Henrique Cardoso-Clinton era — the American president went so far as to invite the Brazilian head of state to his Camp David residence, and they maintained substantive dialogue — to the false cordiality of the Lula-Bush era, when there were careful manoeuvres to minimize disagreements on FTAA, the Doha Round, the environment, sectoral protectionism, security issues, etc.

In its relations with continental neighbors, the Brazilian government strengthened the policy, initiated by the previous administration, that privileged the South American perspective over the more politically vague and geographically too broad idea of Latin America. The government launched a series of initiatives, primarily aimed at overcoming the American “imperial tutelage” over the southern part of the hemisphere. Although the Mercosur crisis only deepened after the 1999 devaluation and floating of the Brazilian
currency, and the 2001-2002 severe crisis in Argentina that increased its protectionism against Brazilian exports, Brazil launched ambitious projects for physical integration and political coordination; so far they have failed to deliver the desired results. Even with the relative resumption of commercial flows, trade in Mercosur lost its former importance; the bloc survived only thanks to cultural, social, and educational projects, and to initiatives that were essentially political in nature, such as the Mercosur Parliament. The Brazilian proposal for a South American Community of Nations (CASA) launched in Peru in December 2004 has been transformed into a Union of South American Nations (Unasul), with a secretariat in Quito, thanks to manoeuvres by Brazil’s major competitor for regional leadership, President Hugo Chavez of Venezuela.

The issue of alleged Brazilian regional leadership was not perceived positively by Marcelo Fernandes

To better understand Brazil’s relations with the United States and with South America under the Lula administration, we must refer to the foreign relations mantra chanted by the PT (Labor Party). When they were in opposition, PT members always spoke to the need for more fairness and justice in international relations. They stressed the need for a more humane and less excluding globalization, to be created in the context of Latin American regional integration. They further affirmed the belief that peace, security, and development could not be dissociated from the whole: national political autonomy and economic development, upon which a safer and more stable international order ought to be built.

The concrete manifestation of these PT values in Lula da Silva’s administration was adoption of the fundamental premise of “autonomy through assertiveness.” That postulate implied that contemporary Brazilian diplomacy should design and follow a more assertive and aggressive foreign policy in defense of the country’s interests in the world. Only then would Brazil enjoy both political autonomy and guaranteed economic development.

**Multilateralism** — In adopting that course of action, the Lula administration chose to reinstate multilateralism as a viable organizing principle for foreign policy. That principle should be understood as part of a broad movement toward decentralization and regulation of power in international society.

The practical implications of Brazil adopting this political option are apparent in the creation of IBSA (the initiative of India, Brazil, and South Africa to promote South-South cooperation and exchange); participation in the creation of the G-20 (the group of developing countries established in preparation for the 5th World Trade Organization Ministerial Conference; rapprochement with African and Arab countries; participation in the G-4 (the group comprising Germany, Brazil, India, and Japan that supports reforms at the UN Security Council and gaining a permanent seat on the Council); leadership of the UN peace mission in Haiti; participation in the BRIC group (comprising the four major emerging countries — Brazil, Russia, India, and China); Brazil’s active engagement in the debates on the international financial crisis; and the supposedly strategic partnership with China (which in reality has meant increasing costs in terms of trade for South America).

Together, those multilateral initiatives, primarily in the South, have distanced Brazil from classic partners like the United States and the European Union and have served to mitigate the effects on it of the international crisis that erupted in the developed world; they have also earned Brazil and its partners in the South a privileged position as new international rules to
neighboring countries. Despite Brazil’s efforts, projects aiming at physical integration and at trade liberalization have not been realized to the extent. As expected Unasul has been charged with the tasks of security and coordination of strategic issues through the South American Defense Council; however, the institution still lacks recognition as a central institution for South American integration. In December 2008, Brazil launched a new initiative: a Latin American summit in Bahia, said to be the first ever held without the presence of the “imperial power.” Brazil has also been active in the reintegration of Cuba into regional schemes like Aladi (the Latin American Integration Association) and the Rio Group, and is leading the charge for its reintegration into the OAS. Notwithstanding, the choices made by the “Bolivarian” countries led by Hugo Chavez, and their alternate political and economic models, continue to challenge the Brazilian concept of regional integration.

Lula’s administration has been willing to take on the costs of the country’s leadership in the world, especially in Mercosur and in South America.

Costs of leadership — Another important factor in the Lula administration’s relationships in the world are its willingness to take on the costs of leadership in the world, especially in Mercosur (the Common Market of the South) and in South America, where Brazil has been prominent in seeking peaceful solutions to regional crises. Brazil has been exerting its regional leadership, with US consent, particularly since the implosion of the FTAA (Free Trade Area of the Americas). Some concrete facts help illustrate this trend: The cancellation of the debt of smaller South American countries that President Lula has announced; acquiescence by the country’s diplomats to Bolivia and Paraguay when strategic interests (gas and electricity) were at stake, to the Chavez administration’s assaults, and to Argentina, a country that frequently breaches Mercosur external tariffs against Brazil’s trade interests in certain industrial segments; and the peace mission in Haiti.

Those positions could have eased Brazilian relations with its South American counterparts, lending Brazil legitimacy to seek a more equitable dialogue with the United States about Latin America’s destiny. Nonetheless, the Brazilian stance that “the principle of non-intervention must be seen in the light of another norm based on solidarity: non-indifference,” has generated regional uneasiness. This new principle has been interpreted as a sign that, if need be, Brazil could play an “imperialist” role in the region. That has been raising difficulties in the negotiations to broaden the Unasul project (the Union of South American Nations) — a project that would benefit Brazil most.

To sum up, assertiveness as a diplomatic tool to secure political autonomy and economic development has brought about both positive and negative results for Brazil. The positive consequences include the enhanced importance of Brazil in major international debates, contributing to a fruitful dialogue with the United States. But it has also imposed economic and political losses in the immediate region that will translate into significant costs in the future. In fact, we have traded our intermediary position in the developed world for an unstable leadership position in the poor world.