

A LEADER WITHOUT FOLLOWERS?
THE GROWING DIVERGENCE BETWEEN THE REGIONAL AND GLOBAL PERFORMANCE
OF BRAZILIAN FOREIGN POLICY

Andrés Malamud

Institute of Social Sciences, University of Lisbon

amalamud@ics.ul.pt

Abstract: Brazilian diplomats and academics alike have long regarded regional leadership as a springboard to global recognition. Yet, Brazil's foreign policy strategy has not translated the country's structural and instrumental resources into effective regional leadership. Brazil's potential followers have not aligned with its main foreign policy goals, such as a permanent seat in the Security Council and Directorship-General of the WTO, and some have even challenged its regional influence. These failures notwithstanding, Brazil has been recognized increasingly as an emergent global power by the established world powers. This paper analyzes the growing mismatch between the regional and global performance of Brazilian foreign policy and shows how both theoretical expectations and policy planning were 'luckily foiled' by unforeseen developments. It is argued that because of regional power rivalries and a relative paucity of resources, Brazil is more likely to become a middle global power than it is to gain acceptance as a leader in its region.

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All regional powers that aspire to become global protagonists... must first be legitimated at the regional level since they do not possess enough material capacity or soft power to act autonomously in international politics.

Maria Regina Soares de Lima, Fall 2008

No Governo Lula, a América do Sul será nossa prioridade.

Celso Amorim, January 1, 2003

Introduction

Brazilian diplomats and academics alike have long regarded regional leadership as a springboard to global recognition and influence. But while the strategic goal of becoming a legitimate regional leader has failed, the ultimate goal of becoming an intermediate world power has fared better. This article analyzes the growing mismatch between the regional and global performance of Brazil's foreign policy in order to answer two questions. First, what are the causes of this divergence? The explanation may be structural conditions – e.g., a larger and growing economy *vis-à-vis* smaller or laggard neighbors – or policy behavior – e.g., a change in the diagnoses or the perceptions of the Brazilian foreign policy elite, whose interests or confidence in the region may diminish as global opportunities arise. Second, what are the potential consequences of this mismatch? Either Brazil stays the course, reaching out to the region, to bring it together and face the world with a single voice, or it goes it alone. The first part of this article tackles a number of conceptual issues that are then developed. The second part shows that mixed outcomes have led to a smooth shift in strategy, so that Brazil's foreign behavior has increasingly changed from being regionally- to globally-oriented, as a result of the twin hardships imposed by unruly surroundings and the preferential treatment conferred by world powers and institutions. The third part summarizes the findings and offers a conclusion.

1. Conceptualization

Both ‘middle – or intermediate – power’ and ‘regional power’ are contested concepts, and attempts at rigorous theorization have led to a dead-end (Hurrell 2000: 1). However, these categories are widely utilized by practitioners and scholars. Following Thomas’s theorem,¹ then, let us take stock of their usage and refine their meaning so as to render them less vague and more analytically useful.

Jordaan (2003: 165) defines middle powers as “states that are neither great nor small in terms of international power, capacity and influence, and demonstrate a propensity to promote cohesion and stability in the world system.” This definition is as useful a starting point as it is problematic. It is useful because it provides a basic, structural criterion, i.e. size, upon which to build up a more precise conceptualization; but it is problematic because it adds a second criterion, behavior, which is related not to structure but to agency. Should a middle-sized state whose behavior is disruptive rather than conformist, say Iran, not be called a middle power? Indeed, Jordaan excludes from his definition not only Iran but also Mexico, which is at odds with most of the literature. A further problem stems from the distinction between emerging and traditional middle powers, as the former are said to wield regional influence and could thus be called ‘regional powers.’ But is this a subtype of intermediate power or a different, if overlapping, category? According to Nolte (2007: 11), the difference between a regional and a middle power rests on leadership; hence, a regional power is a middle power that commands support within its region and recognition beyond it (Nolte 2007: 15). Although this definition is static rather than dynamic, it does not seem to differ from Jordaan’s “emerging middle power.”

Apart from raising the issue of leadership, there remains the question of what a middle power is. Keohane’s (1969: 295) classical answer was that a middle power is “a state whose leaders consider that it cannot act alone effectively, but may be able to have a systemic impact in a small group or through an international institution.” The “small group” seems to describe the strategy of emerging middle powers or regional powers, whereas the reference to an “international institution” more closely reflects the preferences of traditional middle powers. However, the greatest insight of Keohane is focus the definition not on the objective characteristics (of the state) but on the perception (of its leaders). Hurrell (2000: 1) later identified this feature as a promising way of rescuing the concept through a “constructivist route – to see middle powers not as a category defined by some set of objective attributes or by objective geopolitical or

geoeconomic circumstances, but rather as a self-created identity or ideology.” Middle powership is thus understood as a social category that depends on recognition by others – by peers and smaller states alike. Unsatisfactory as a definition based on actors’ subjectivity rather than on objective and neutral characteristics may seem, we should remember that the very definition of which entities can be called states follows a similar logic: Monaco and San Marino are states not in accordance with the Weberian conceptualization but because of peer recognition.

As regards leadership, this can be defined as the capacity to win and influence followers. There are, however, four frequent dichotomies associated with the concept that are controversial and require further clarification: structural vs. instrumental, political vs. technical, political vs. institutional, and leadership vs. hegemony. The first dichotomy refers to (but transcends) the twofold classification of power of the hard and soft varieties. Hard power is based on the utilization of military or economic means to influence the behavior or interests of others. In contrast, soft power is the ability to achieve one’s goals through co-option and attraction rather than coercion or payment (Nye 1990). Ideas, institutions and exemplary behavior are the main instruments of the latter type of power. Higgott (2007: 95) draws on this to affirm that “leadership is not the same as economic and military preponderance. Leadership can be intellectual and inspirational as well.”

The second dichotomy draws on a classic distinction that contrasts political authority and technical management; in the case of Brazil, it is the former that matters. The third distinguishes between power-oriented (i.e. politicized) and rule-oriented (i.e. institutionalized) behavior. While the latter characterizes law-abiding environments such as Western Europe, power-orientation is present in less institutionalized, or informally institutionalized, regions such as Latin America.

The fourth dichotomy, leadership versus hegemony, does not stem from Gramscian or Coxian conceptualizations but from more conventional theories of international relations. Throughout this paper, hegemony is understood as the capacity of a powerful state (*hegemon*) to dictate policies to other states in its vicinity, while leadership is defined as the capacity to engage subordinate states so that they adopt the goals of the leading state as their own (paradoxically, this has also been called ‘consensual hegemony’; see Burges 2008). This allows us to introduce into the analysis the other side of leadership: followership. The relation between a leader and its

followers can be collective – when the former deals with the latter as a group – or hub-and-spokes-like – when it deals with them on an individual basis. In turn, there are three typical responses on the part of the followers: balancing, bandwagoning and distance, whether by decision or negligence.

Context and history also deserve attention: as the nature of a middle power changed after the Cold War (Jordaan 2003: 178). In South America, where wars have been rare, power is likely to have a softer meaning than elsewhere, and policy options may thus be framed differently. Foreign policy analysis has to take these particulars into consideration and not assume perceptions and motivations from the general literature. It is also important to test the typology advanced by Jordaan, who differentiates between traditional and emerging middle powers. While the former are said to be wealthy, stable, egalitarian, social democratic and not regionally influential, the latter are allegedly poorer, socially troubled, regionally oriented, and reformist but not radical. This seems to fit Brazil perfectly. However, to say that a state is regionally oriented is not the same as saying that it is regionally successful.

2. Brazil: Between Regional Failures and Global Achievements

Brazil's major foreign policy aspiration has long been to achieve international recognition in accordance with its self-perception as a 'big country' (Lima and Hirst 2006: 21). This gigantic nation – be it in territorial, population or economic terms – has been categorized as an emergent power at least since 2001, when a Goldman Sachs report defined it as a BRIC – one of the four emerging markets that are forecast to run the world economy by 2050 (Wilson and Purushothaman 2003).² Brazil, Russia, India and China, together with the United States, had previously been called “monster countries” (Kennan 1993). However, unlike its companions, Brazil scares nobody. On the contrary, it has been defined as the “quintessential soft power” (Sotero and Armijo 2007: 43; see also Lima and Hirst 2006; Gratius 2007). Having demarcated all its borders at the beginning of the twentieth century, it neither makes nor is the object of neighborly territorial claims. Brazil's last major war was fought in 1865-70, when it aligned with its historic rival Argentina and tiny Uruguay to defeat Paraguay. It sent troops to Europe during both World Wars but never again engaged in military conflicts within its own region. Despite its large armed forces and defense budget, which is comparatively high for Latin American standards,³ Brazil is not – and has no intention

of becoming – a military power. Instead, it sees itself as a peace-loving, law abiding and benign power (Lafer 2001; Ministério da Defesa 2008). These are the characteristics that its leaders have tried to build on to conquer a preeminent role for Brazil on the regional and global stages. They have done this with largely positive – albeit heterogeneous – results. Brazil also lacks the economic leverage to buy its way to regional or global leadership. Although it is the largest Latin American economy, it is not the richest. Argentina, Chile and Uruguay rank consistently higher in terms of GDP per capita and human development, and Mexico and Venezuela do so intermittently depending on oil prices. This means that it is virtually impossible to sell to a domestic audience large money transfers from Brazil to neighboring countries, as this would sacrifice poor Brazilians to the benefit of richer foreigners.

2.1. Regional Failures

The absence of hard power instruments to pursue foreign policy goals despite Brazil's relatively rich endowments is aptly characterized by Sean Burges (2006) as operating "without sticks or carrots." Deprived of the structural resources of leadership, Brazil has had no choice but to resort to instrumental (or ideational) ones – hence the characterization of the country as a 'soft power' promoting 'consensual hegemony' Burges (2008). But this is only part of the story: if it is true that the quest for regional influence has been conducted with velvet gloves, Brazil has deployed tougher means to find a place in the global sun. Brazil's population, market size and export capacity have proved effective as bargaining chips in international negotiations.

As Hakim (2002) notes, compared to Mexico, the foreign policy of which is heavily influenced by, and oriented towards, a single country,

The Brazilian approach to foreign relations is very different. Its diplomats, politicians, and commentators write and speak about Brazil as a continental power. Pointing to its size and population, they argue that Brazil should be counted among the world's giant countries, alongside the United States, Russia, China, and India. Indeed, prior to his appointment as foreign minister a year ago, Celso Lafer argued that the interests of Brazil and these other "monster countries" (a term coined by U.S. diplomat George Kennan) go beyond specific

issues and outcomes. They have a major stake – and therefore should have a major say – in how global affairs are managed.

Smaller and less powerful than the other monster countries, Brazil's ruling elites believed it necessary to gain the support of the region in order to bolster their global claims (Almeida 2007; Hurrell 2000; Lima 2008). This is consistent with the idea that "it is the neighboring countries which have to sign up to the lead of emerging powers ... in order to give them the power base necessary for regional as well as global power projection and international coalition building" (Schirm 2007: 6). Therefore, in the 1970s Brazil started a slow but steady warming of relations with neighbors it had long neglected. The agreements to build the Itaipú and Corpus power plants (first with Paraguay and later with Argentina), the signature of economic agreements with Argentina that led to the establishment of Mercosur, and Brazil's pro-democracy activism during the 1990s paved the way for more far-reaching goals. In 2000, these ambitions crystallized in a new regional concept: South America. By substituting it for Latin America, Brazil tacitly recognized that it was unable to exert a significant influence upon the whole continent, and was thereby ready to focus on a smaller area, in accordance with two broad conditions: first, Mexico – the other Latin American giant and potential rival – was left out; and second, the countries included in the newly defined region were less dependent on the U.S. than those excluded, which gave Brazil broader room to maneuver.

Thirty years after the 1979 agreement that initiated the rapprochement with Argentina, it is timely to assess Brazil's role as a regional and global player. There are three areas that merit inspection: the performance of Brazilian-led region-building projects; the degree of regional support for Brazilian goals within key international organizations; and the existence and prospects of rival contenders for regional leadership.

2.1.1. Collective Leadership: Erratic Attempts at Region-Building

Mercosur has been a keystone of Brazilian foreign policy since its inception in the early 1990s. Some years later, however, the government began to develop a strategy of enlargement to bring into the fold of Mercosur all the other South American countries. In the Brazilian view, South America is not just a specific geographical region (different

from Latin America as a whole) but also an autonomous political-economic area, given that U.S. influence recedes as distance from Washington increases. Brazil's elites consider this sub-region to be within its natural sphere of influence (Amaury de Souza 2008; CEBRI-CINDES 2007). Hence, the Cardoso administration organized the first summit of South American presidents in Brasilia in September 2000. Lula deepened this strategy, leading to the creation of the South American Community (SAC) at the Cuzco presidential summit of December 2004. The name was later changed to the Union of South American Nations (UNASUR), the constitutive treaty of which was signed in Brasilia in May 2008. Mercosur arguably constitutes the inner circle of UNASUR.

Mercosur was initially a pragmatic integration project that dealt with trade, customs and market access, but increasingly it has become a symbol for progressive political activism and leftist ideologies (Malamud 2005). In Brazil, it has turned into the flagship of those who stand for developmental, anti-imperialist, or nationalist ideas. In Jaguaribe's (2001) words, "the consolidation of Mercosur constitutes... an indispensable task for the national survival of its member countries." To the most vocal of its supporters, Mercosur is not simply an economic association or a strategic instrument, but rather a supranational identity that provides its member countries with the only way to survive in a globalizing world. Mercosur's position as South American core has been officially established by the Lula administration, as the inaugural speech of its foreign minister shows:

No Governo Lula, a América do Sul será nossa prioridade.

O relacionamento com a Argentina é o pilar da construção do MERCOSUL, cuja vitalidade e dinamismo cuidaremos de resgatar. Reforçaremos as dimensões política e social do MERCOSUL, sem perder de vista a necessidade de enfrentar as dificuldades da agenda econômico-comercial... Temos que enfrentar com determinação as questões da Tarifa Externa Comum e da União Aduaneira, sem as quais a pretensão de negociar em conjunto com outros países e blocos é mera ilusão [...]

Consideramos essencial aprofundar a integração entre os países da América do Sul nos mais diversos planos. A formação de um espaço econômico unificado, com base no livre comércio e em projetos de infra-estrutura, terá repercussões positivas tanto internamente quanto no relacionamento da região com o resto do mundo [...] O processo de mudança democrática por que o Brasil está passando

com o Governo Lula pode ser elemento de inspiração e estabilidade para toda a América do Sul... [e] não nos furtaremos a dar nossa contribuição para a solução de situações conflituosas, desde que convidados [...]

Uma América do Sul politicamente estável, socialmente justa e economicamente próspera é um objetivo a ser perseguido não só por natural solidariedade, mas em função do nosso próprio progresso e bem-estar (Amorim 2003).

Stability, justice and prosperity of the surrounding states are referred to as goals that are both altruistic and self-interested. International negotiations without a consolidated customs union are seen as “illusory,” and region-building is a priority. In short, regional integration is given precedence over further global action. As even a critic of the administration admits, the region is at the center of Lula’s foreign policy: “*A diplomacia regional, na qual se insere a política de integração, e certamente a área da política externa que mais distingue o governo Lula*” (Almeida 2005: 49). Yet, results do not measure up to stated ambitions.

Just as the formula that led to the consolidation of the European Communities involved a combination of liberalization (by France and others) and compensations (especially by Germany), the underlying formula of Mercosur has been to obtain “preferential access into the Brazilian market in exchange for Argentine support for Brazilian international trade strategies” Bouzas, Veiga and Torrent (2002: 145). With the passing of time, however, mutual understanding between the two countries waned and cooperation decreased, giving way to growing suspicion. The implementation problems that emerged as a result of this were dealt with increasingly through unilateral measures, and “flexibility and a case-by-case focus [replaced] the enforcement of rules and established procedures” (Bouzas et al 2002: 146).

Enlargement and institutionalization faced the same obstacles that plagued deepening. In 2006, a protocol was signed with Venezuela to grant it accession but it has yet to be ratified by Paraguay. Similarly, several institutions have been created but their autonomy and effectiveness remain dubious. The launching of the Initiative for the Integration of South American Regional Infrastructure (IIRSA) in 2000, and the creation of a Committee of Permanent Representatives in 2003, a permanent Court of Appeals in 2004, a Fund for Mercosur Structural Convergence (FOCEM) in 2005, and of a common Parliament in 2006 have not only had little impact but have actually served to disguise the significant shortcomings of the bloc, among them the absence of a

regional budget and of an agency that can represent common interests. All this is not necessarily a drawback for Brazilian interests. Indeed, some argue that these are best served by not relinquishing any sovereignty to regional bodies; but it certainly deals a blow to Brazil's leadership, as the undertaking it officially values most is far from thriving. The perception that Mercosur is becoming a burden rather than an asset has led some top politicians, among them aspiring presidential candidates such as José Serra, to call for it to be downgraded to a mere free trade zone. The argument is that Brazil will be more capable of pursuing its foreign goals on its own rather than depending on costly agreements with unpredictable partners.

UNASUR aims to unite two large existing regional free trade schemes, Mercosur and the Andean Community, as well as to integrate Chile, Guyana and Suriname. The scheme was originally devised to serve Brazil's goal of redefining its area of influence as South America as opposed to "Latin America" by tacitly identifying Mexico (and the U.S.) as "the other." However, it was later hijacked by President Chávez and has become a Venezuelan rather than a Brazilian instrument. The cities chosen to host the future institutions of this bloc, Cuzco and Cochabamba, reflect identity claims rather than geographic concerns and pay lip-service to the autochthonous discourse of Chávez and his regional allies, whose understanding of the organization differs considerably from Brazil's. In sum, neither Mercosur – because of its malfunctioning – nor UNASUR – because of ideology and rivalry – have turned out to be solid springboards for Brazilian leadership. Instead, Mercosur became stagnated and UNASUR has yet to become more than a photo-op forum in which the Bolivarian impetus is at least as significant as Brazil's more pragmatic influence.

The conditions that may foster or limit regional integration processes depend on demand (derived from potential common gains), supply (i.e. leadership) and inertial (i.e. institutional) conditions (Mattli 1999; Malamud and Castro 2007). In South America, a low level of all these explains not only regional underperformance but also the free-riding behavior of prospective leaders and followers alike (Burgess 2005, 2006).

2.1.2. Lack of Regional Support for Brazil's Global Goals

Brazil has long aspired to a permanent seat in the United Nations Security Council (UNSC). In 2004, a high level committee submitted to the UN Secretary General a

proposal that called for the establishment of new permanent members. Four countries - Brazil, Germany, India and Japan (the so-called G4) – promptly joined efforts to attempt to grab the new seats. Many countries in the world have expressed support for some but not for others in this group. But a large group formed to oppose the creation of any new permanent seats and proposed the introduction of semi-permanent membership. This group, which was initially called the Coffee Group and later renamed Uniting for Consensus, brings together the regional rivals of the G4. Argentina and Mexico are among the leaders of the recalcitrant group, together with Italy, South Korea and Pakistan, among others. As it turned out, aspiring Security Council members could not sell to their home regions their bids for international recognition (Arraes 2006: 27-40). Though not a surprise, the fact that Argentina, Brazil's main regional partner, was simultaneously the staunchest opponent of its main international ambition dealt a heavy blow to its image as a regional leader.

Also under the Lula administration, Brazil put forward a candidate for the post of Director-General of the World Trade Organization (WTO). Early in 2005, there were four contenders: one from France (Pascal Lamy, in representation of the European Union), another from Mauritius and, rather embarrassingly, a third from Uruguay as well as the Brazilian candidate, Luíz Felipe de Seixas Corrêa. This not only showed that Mercosur was unable to agree to a joint candidate, but also that Brazil could not even gather majority support for its position (as Argentina supported the Uruguayan candidate). To add insult to injury, the Brazilian nominee was eliminated in the first round, while the Uruguayan made it to the last. This internal quarrel did not damage Brazil's reputation and influence within the WTO, but it showed that the prospects for it to build a regional consensus to support its global goals were bleak.

Just a couple of months later, Brazil suffered another blow to its aspirations to rally the region behind a Brazilian nominee for a top international post. In July 2005, two candidates ran for the presidency of the Inter-American Development Bank (IADB): Colombia's ambassador to the U.S., Luis Alberto Moreno, and Brazilian former planning minister, João Sayad. Analysts expected the election to be a divisive and difficult one, with the United States and Mexico backing Moreno and much of South America rallying behind Brazil's candidate. However, Moreno won the support of a majority of Central American and Caribbean countries, which ensured his quick victory. The election, held behind closed doors at the IADB Washington headquarters,

lasted about two hours and delivered a sound defeat to Brazilian diplomacy, not least because the rival and victor was also South American.

In contrast with the episode above, Brazil did gain regional support for its goal of heading the UN Stabilization Mission in Haiti (MINUSTAH). Officially, the Brazilian authorities linked the country's presence in Haiti with the aim of obtaining a permanent seat in the UNSC, or at least having a bigger say in the United Nations (Gauthier and John de Sousa 2006). Although Brazil's real motives were more complex, most did relate to its international ambitions:

Brazil acted in Haiti in response to several motivations. As UNSC non-permanent members, Brazil and Chile worked side by side towards for the approval and renewal of the MINUSTAH mandate in 2004 [...] Brazil also sought to diminish CARICOM's, Venezuela's and Mexico's opposition to MINUSTAH. For Brazilian foreign policy discourse, presence in Haiti meant to replace old times non-intervention policy for present non-indifference policy (Hirst 2007).

Thus, Brazil exhibited leadership attributes by signaling the adoption of a new foreign policy to its neighbors, working together with its main partners in South America, by showing its capacity to project power abroad, and by demonstrating that it could legitimize a military intervention in the eyes of other countries in the region. And although these actions were initially controversial at home, this strategy worked. Regardless of the results of the mission in Haiti, this is the one case in which Brazil was effectively recognized as a regional leader. But this was hardly enough to cement its higher ambitions; worse, the 2010 earthquake devastated not only Haiti but also the one thing Brazil had been successful at in Latin America.

2.1.3. Hub and Spokes Leadership: Prospective Followers and Power Contenders

There are two countries in Latin America that are in a structural position to dispute Brazilian claims to leadership: Argentina and Mexico. Both have sizeable economies, large territorial landmasses and populations, rich natural resource endowments, and a record of intermittent international activism. Moreover, both relentlessly pursue the diplomatic goal of impeding any single country from "representing" the whole region. Their leading role in the Uniting for Consensus group that disputes the right of Brazil

and others to occupy a permanent seat at the UN Security Council, and their participation in the G20 with Brazil (the only Latin American countries in the forum), testifies to their international standing as well as their determination not to be left behind by their bigger neighbor. One of Brazil's responses to this has been to exclude Mexico from a redefined "South America." In his inauguration speech, Foreign Minister Amorim listed Mexico after South America, the U.S. and the European Union, together with other so called "large developing countries" such as China, Russia, India and South Africa. It would appear, then, that to the Itamaraty, Mexico can no longer be considered a regional rival: it belongs to other region.

It is not so easy for Brazil to similarly dispatch Argentina. Argentina is Brazil's main regional integration partner. However, for Argentina this partnership is based on equality of standing rather than on Brazilian supremacy. Indeed, Argentine leaders have even considered their country as a legitimate contender for regional leadership, and have promoted closeness with the United States or other circumstantial allies (Venezuela most recently) in order to counterbalance Brazil's power (Russell and Tokatlian 2003). Argentine ambivalence towards its neighbor wanes when times are good, and waxes during times of economic hardship, independently of which party is in government. In the 1990s, Peronist President Carlos Menem was one of the founders of Mercosur but simultaneously aligned Argentina with U.S. foreign policy. Likewise, in the 2000s, Peronist presidents Néstor and Cristina Kirchner have cultivated excellent relations with the Lula administration but have also struck a close alliance with Venezuelan president Hugo Chávez. Argentina has similar political ambitions to Brazil's and it has nurtured recurring economic grievances against it, which have given rise to spasms of protectionist behavior and hindered further integration. As long as these competing aspirations and neighborly fears remain in place, trying to win Argentine support for Brazilian leadership is tantamount to "sleeping with the enemy."

As regards Venezuela, the official line is that "Brazil and Venezuela are not competing for the leadership of South America... [However, they] "are engaged in a contest for leadership... each offering a different vision of how the regional geopolitical, geo-economic, and ideological space should be organized and directed" (Burgess 2007: 1343). This contest for leadership is neither structurally nor historically determined, as Venezuela has never been one of the "big" Latin American countries (a label that only fit Argentina, Brazil and Mexico). Indeed, it has promoted divergent

strategic goals and its policies are based on the utilization of oil wealth as a means to build political alliances. In 2006, oil made up 89 percent of Venezuela's total exports and 56 percent of its fiscal revenues (Álvarez 2007: 269). In spite of this weak power base, Chávez has developed a high profile foreign policy, which is based largely on treating the United States in much the same way that the Iranian Ayatollahs have done (Chávez called George W. Bush "the devil" in a famous UN speech). Furthermore, following the principle that "my enemy's enemy" is my friend, Chávez has toured the world several times to meet with the leaders of such revisionist countries as Russia, Belarus, Syria, Libya, and Iran – not to mention Cuba, which Chávez's holds up as a model. All these dubious alliances notwithstanding, the main challenge to Brazilian leadership posed by Venezuela is not global but regional. Chávez has courted and "bought" the loyalty of countries purportedly within the Brazilian sphere of influence such as Bolivia and Ecuador, and he is now trying his luck with Paraguay. The capacity of Venezuela to win out some regional support with a stance that diverges from Brazil's has challenged Brazilian leadership. In the long run, an oil-based foreign policy is limited by the vagaries of the international price of oil; but in the short term, Brazil's ability to control its near abroad has been seriously impaired.

Turning now to Paraguay, traditionally this country has sought to maintain a balance in its relations with its two giant neighbors, Brazil and Argentina. Over the years, however, it has also kept close ties with the United States. Recently, this has included permitting U.S. troops to engage in military maneuvers on Paraguayan soil and the opening of an FBI office at the U.S. embassy in Asunción. Reports say that 46 U.S. military operations have been conducted in Paraguay since 2002, including visits, special exercises and humanitarian missions, especially in the areas close to Ciudad del Este, in the tri-border region.⁴ In response to this, Brazilian troops have staged frequent exercises along the border, sometimes crossing the frontier and provoking Paraguayan protests. The Lugo administration's questioning of the current distribution of benefits and energy generated by the Itaipú dam has further embittered relations, and a mutually satisfactory agreement is not easy to strike. An additional headache for Brazilian diplomacy is that Paraguay is one of the twenty-three countries in the world (and the only one in South America) that maintains diplomatic relations with Taiwan rather than with the People's Republic of China. Since 1957, Taiwan has become Paraguay's main international donor, offering cash to finance agricultural, educational and social projects

and paying entirely for the construction of a new house of parliament. The unintended consequence of this bizarre relationship – one that badly hurts Brazilian aspirations to establishing closer relations with a key global power – is that it prevents Mercosur from signing international treaties with China.

As regards the smallest member of Mercosur, Uruguay nurtures resentment towards Brazil for two reasons. First, there is Mercosur's low performance and its bias against the smaller economies, compounded by the straitjacket that it imposes by denying member states the possibility of individually signing trade agreements with third countries (Vaillant 2007). Second, there is Brazil's refusal to intervene in Uruguay's border conflict with Argentina over the building of a pulp mill. This conflict led a group of citizens from the Argentine city of Gualeguaychú to block one of the three bridges that unite the two countries by land. The blockade has been in place since April 2005, in violation not only of Argentine laws but also of the Mercosur founding treaty. However, Brazilian authorities have argued that this is a bilateral issue and have stuck to a *hands-off* policy. Uruguayan leaders such as Sergio Abreu (2006), one of the first negotiators of Mercosur and currently senator, have argued that Brazil has a responsibility to take a position regarding this issue:

Todo esto va acompañado de otra responsabilidad, señor Presidente. La del Brasil... Aquí no es sólo Argentina el país que incumple, sino también la República Federativa de Brasil, que olvida su responsabilidad en el Mercosur y se aparta de los principios básicos que legó a la diplomacia brasileña el Barón de Río Branco; es decir, privilegiar su relación con el Río de la Plata, y administrar adecuadamente sus intereses con Estados Unidos.... Ahora, en estos delirios de grandeza en los que el Brasil incurre al impulso del actual Canciller, integrar el Consejo de Seguridad y el Grupo de los 7 y liderar la Organización Mundial de Comercio son sus prioridades. En consecuencia ignora que [los] derechos humanos básicos se están violando en el Mercosur – me refiero a la libertad de tránsito de las personas – y mira las economías pequeñas... de reojo.

In spite of Uruguay's hints that it would sign a free trade agreement with the U.S., the American administration has decided not to intervene in a way that could damage Brazil's reputation or leadership. However, it agreed to sign a Trade and Investment Framework Agreement (TIFA), which crowns the Uruguayan decision to leave the door open for a Chilean-style policy of international insertion through multiple

bilateral agreements rather than through exclusive membership of a regional bloc. The U.S. has also become the main destiny for Uruguayan exports, a fact that further highlights the deterioration of its trade links with both its large neighbors.

Bolivia has posed one of the toughest challenges for Lula's "strategy of patience" and to Brazil's policy of foreign investment and energy integration. The dependence of São Paulo's giant industrial complex on Bolivian gas adds stress to a relation already complicated by blurry territorial borders (the heightened profile of so-called *Brasiguayos*, a group of more than half a million Brazilian settlers and their descendents who live and work the land in Paraguay provides an example of this blurring of frontiers). The sudden decision in 2006 by the recently inaugurated president Evo Morales to send troops to guard dozens of plants, refineries and pipelines, and to give foreign companies – including, conspicuously, Brazil's Petrobras – six months to renegotiate their contracts or get out, signaled the new combative stance his administration would pursue with regard to foreign investors. What is worse, it underlined a growing affinity with the Venezuelan President, Hugo Chávez, who had already cracked down on foreign firms and allegedly offered technical assistance to help Bolivia manage its nationalized companies. Lula called an emergency cabinet meeting, and Petrobras, whose investment in the decade since Bolivia privatized its energy sector had helped that country to quadruple its gas reserves, called the measure "unfriendly" and threatened not to make new investments. Opposition leaders cried out that Brazil had been humiliated and asked the president to toughen his stance, which Lula refrained from doing. Instead, he stated that the Bolivian government had made a sovereign decision and pledged that his country would respect it. However, the event made it clear that Bolivia was no longer a reliable partner or energy source. Since then the Brazilian government has accelerated its goal of reaching energy self-sufficiency at the earliest possible date.

Brazilian relations with Ecuador have also turned sour of late. In September 2008, President Rafael Correa expelled the managers of Oderbrecht, a Brazilian engineering company, which he accused of bribery and of constructing a flawed power plant. Not only did Correa declare that his country would not compensate the company for what it had already built, but he also refused to repay the U.S.\$ 243 million loan that Brazil's national development bank, the BNDES, had lent Ecuador for that propose. The fact that Ecuador also defaulted on some of its bonds that same month did not make the

Brazilian government any happier. The decision led Brazil to recall its ambassador, an unprecedented measure. There was much speculation about why Correa would have antagonized a friendly power, which also risked Ecuador's access to foreign credit. Analysts referred to the poor state of Ecuador's public finances, and to rumors that Correa opted to act preemptively because of the imminent disclosure of the fact that Oderbrecht had funded his electoral campaign. Whatever the reason, this crisis shook the foundations of the ALADI trading system and made the Brazilian authorities realize that, for some neighbors, it is Brazil rather than the U.S. that is the new "imperialist" power. In December 2008, Foreign Minister Celso Amorim declared that his government would revise its policy of granting loans to any South American partners that contest their debts, adding threateningly:

*Espero que todos esses países tenham muitas outras fontes de crédito e de receitas externas para continuarem a progredir... Eles não podem tratar o Brasil como uma potência colonial que esteja querendo explorá-los. Nós seguimos as regras do mercado internacional e se eles não acham que essas regras são boas, podem abrir uma discussão.*⁵

Lula's top foreign advisor, Marco Aurelio Garcia, a usually conciliatory and soft-spoken envoy to the region, did not mince his words either:

*Lo que puedo constatar es que el gobierno ecuatoriano cometió un error muy grave. No nos parece que eso se corresponda con el nivel de relaciones entre Brasil y Ecuador... Si un gobierno amigo nos trata de esa manera, qué nos espera de los enemigos.*⁶

In the end, Ecuador agreed to disburse the next due payment and Brazil reinstated its ambassador. Nevertheless, the affair brought home the fact that Brazilian money may well be welcome but is insufficient to buy consent. On the contrary, it can generate resentment. To many civil society organizations and social movements,

El protagonismo brasileño en el marco de IIRSA se interpreta políticamente como expresión de expansionismo económico, sobre todo cuando focaliza el involucramiento del Banco Nacional de Desarrollo Económico y Social (BNDES) y sus condiciones definidas para la financiación de proyectos a ser ejecutados, en los países vecinos, por empresas brasileñas, bien como la actuación de las grandes empresas de construcción civil y de Petrobras (Vaz 2007: 34).

In contrast with the cases described above, Peru and Colombia have turned out to be friendlier partners for Brazilian interests than expected. But Brazil is not as significant for these countries, which are also courting the most heavy-weight extra-regional partner: the United States. For Colombia in particular, the partnership with the U.S. is crucial to the country's hopes of winning back large parts of the national territory that have fallen into the hands of guerrilla forces and drug gangs. Although the U.S. is not that vital a partner for Peru, the latter has cultivated increased commercial relations with Asia – mainly China and Japan – rather than with Brazil.

In sum, South America has countries that are either ambiguous about Brazil – seeing it as a mix between a welcome paymaster and a new colonial power – or have only minor shared interests, or both. What is worse, there are a handful of rivals for leadership, which are either consciously (Venezuela or Argentina), or less consciously (the U.S. and even Taiwan) so.

2.2. Brazil's Global Achievements

Brazil's most resounding international disappointment has been its failure to obtain a permanent seat on the United Nations Security Council. This long nurtured ambition was positively fed in 2005, when then UN Secretary General Kofi Annan called for a consensus to expand the Council from 15 to 24 members. A report presented by a committee of experts that year put forward two alternatives to implement this reform (United Nations 2005). One proposed the appointment of six new permanent members, and the other called for the creation of a new class of members, with eight countries serving for four years subject to renewal. Neither plan was put into practice, but these blueprints provoked broad contestation and led to the formation of the Uniting for Consensus group, which preferred no change to reforms that might favor rival neighbors. Because it was clear that this was a core Brazilian foreign policy goal, this lack of support was harshly felt as a fiasco. But this is an exception, as Brazilian global foreign policy has experienced many more successes than failures.

Perhaps one of the factors that most boosted Brazil's foreign reputation was its sudden promotion as a "BRIC" country (Armijo 2007). Goldman Sachs's report predicted that the combined economies of these countries would eclipse those of the current richest countries of the world by 2050 because of their fast growth rates. The

report did not advocate the creation of a BRIC economic bloc, but there are mounting indications that the four BRIC countries have sought to form a “political club” and thereby convert their growing economic power into greater geopolitical stature. Notably, the presidents and foreign ministers of the BRIC countries held exclusive meetings on the sidelines of a variety of fora, especially during 2008.

IBSA is a more limited and “principle-oriented” grouping. This acronym refers to the trilateral developmental initiative between India, Brazil and South Africa to promote South-South cooperation and exchange (Vizentini 2006: 178-89). In the aftermath of discussions between top IBSA government officials at the G-8 meeting that took place in Evian in 2003, the foreign ministers of the respective countries met in Brasilia on June 6, 2003. At this meeting, the IBSA Dialogue Forum was officially launched with the adoption of the Brasilia Declaration. This group is being publicized not only as a South-South initiative, but as one that brings together the largest democracies on every continent of the Southern hemisphere (Saraiva 2007). It therefore more powerfully conveys than the BRIC Brazilian foreign policy banners such as democracy, respect for human rights and the peaceful resolution of conflicts. Indeed, its main strategic goal has been aptly defined as “soft” (Flemes 2007).

Brazil has been most skilful in the realm of commercial negotiations. Although the current WTO round has stagnated, a new collective actor has emerged from it: the Group of 20 (G20). Variouslly called the G21, G22 or G20+, this is a bloc of twenty-odd developing nations that came together at the fifth ministerial WTO conference in Cancún, Mexico. It brings together 60 percent of the world’s population, 70 percent of its farmers and 26 percent of world’s agricultural exports. Its origins date back to June 2003, when the IBSA foreign ministers signed the Brasília Declaration, which stated that their major trading partners were acting to protect their less competitive sectors, and emphasized that their goal was to promote the reversal of such protectionist policies and trade-distorting practices. In conclusion, the “Ministers of India and South Africa thanked the Brazilian Minister for convening this first trilateral meeting,” which made it clear that Brazil was not a minor partner but a leading force in the group (Vizentini 2006: 169-77). This only became clear in 2008, when the Doha Round, albeit unsuccessful, came to a close with febrile exclusive negotiations between four actors: the United States, the European Union, India and Brazil. This dynamic was reiterated at the Copenhagen Summit on Climate Change in December 2009, at which the leaders of

China, India, Brazil and South Africa negotiated the final declaration with U.S. President Barack Obama, excluding the European Union, Russia, Japan and other global powers.

Probably the most select international club after the UNSC, the Group of Eight (G8) has been the most influential one when it comes to the global economy. It is a forum for eight nations of the northern hemisphere: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States, plus the European Union. The G8 organizes annual summit meetings of its heads of government, and various ministers also meet throughout the year. Lately, some members have expressed a desire to expand the group to include five developing countries, referred to as the Outreach Five (O5) or the Plus Five: Brazil, China, India, Mexico and South Africa. These countries have participated as guests in previous meetings – the so-called G8+5. The latter were institutionalized in 2005, when then Prime Minister Tony Blair, as the host of the G8 summit at Gleneagles, Scotland, invited the leading emerging economies to join the talks. The hope was that this would consolidate a stronger and more representative group that would reenergize the trade talks at Doha, and promote deeper cooperation on climate change: hence Brazil became a permanent member of yet another world class international organization. It is also a member of the “other” G-20 (more formally, the Group of Twenty Finance Ministers and Central Bank Governors), a group of 19 of the world’s largest national economies plus the European Union. This group also met twice at the heads of government level in November 2008 and March 2009 in the wake of the world financial crisis. In the former event, Brazil played a high profile role as it hosted the preparatory meeting.

A last conspicuous sign of international recognition of Brazil as an emerging power and regional reference was the European Union’s invitation for a “strategic partnership” with Brazil. This is notable because the EU had been reluctant to engage other Latin American countries – especially those of Mercosur – on an individual basis. The strategy of the EU was to increase the legitimacy of its model by fostering similar regional integration projects beyond its borders through bloc-to-bloc interregional negotiations. Singling out Brazil constituted recognition of Brazil’s rising star as much as an acknowledgement of the futility of previous European illusions regarding the future of Latin American regionalism:

Over the last years, Brazil has become an increasingly significant global player and emerged as a key interlocutor for the EU. However, until recently EU-Brazil dialogue has not been sufficiently exploited and carried out mainly through EU-Mercosur dialogue. Brazil will be the last “BRICS” to meet the EU in a Summit. The time has come to look at Brazil as a strategic partner as well as a major Latin American economic actor and regional leader. The first EU-Brazil Summit, will take place in Lisbon in July 2007, and will mark a turning point in EU-Brazil relations [...] Its emerging economic and political role brings new responsibilities for Brazil as a global leader. The proposed strategic partnership between Brazil and EU should help Brazil in exercising positive leadership globally and regionally and to engage with the EU in a global, strategic, substantial and open dialogue both bilaterally and in multilateral and regional fora [...] Over the last few years Brazil has emerged as a champion of the developing world in the UN and at the WTO [...] Brazil is a vital ally for the EU [...] A quasi-continent in its own right, Brazil’s demographic weight and economic development make it a natural leader in South America and a key player in Latin America. Brazil is now actively pursuing this role in the Mercosur framework and is at the forefront of the drive to promote the Union of South American Nations (UNASUR) [...] Positive leadership of Brazil could move forward Mercosur negotiations.⁷

Although the EU did not intend to harm Mercosur or its relations thereof, its pompous rhetoric had negative repercussions. By calling Brazil a “regional” and “global” leader, a “champion of the developing world,” a “quasi-continent in its own right,” and “a natural leader in South America,” it damaged its own position and that of Brazil’s vis-à-vis the other South American countries (Saraiva 2009). Once again, global success has proven to be antithetical to regional leadership.

3. Conclusion

In spite of its regional preeminence, thus far Brazil has been unable to translate its structural and instrumental resources into effective leadership. Its potential followers have not aligned with Brazil’s main foreign policy goals, such as its pursuit of a permanent seat in the Security Council, of WTO Directorship-General, or its bid to preside the Inter-American Development Bank, and some have even challenged its

regional influence. By playing the regional card to achieve global ends, Brazil ended up in an unexpected situation: while its regional leadership has grown on paper, in practice it has become weaker. But it has gained increasing global recognition. Today, Brazil is acknowledged as an emergent global power by the established world powers, such as the G8 and the European Union. This article has analyzed the mismatch between the regional and global recognition of Brazilian status. Its findings suggest that, due to South American overlapping cleavages, divergent interests and power rivalries, the mismatch is not likely to be bridged anytime soon.

Paradoxically, however, if the Brazilian quest for regional leadership has been a moderate failure, promoting it has been nonetheless beneficial for Brazilian interests. This paradox has lately come to the attention of the country's foreign policy elite, which is increasingly advocating a more pragmatic stance based on diversified strategies, which can ensure that Brazil becomes less dependent on its troublesome region (CEBRI-CINDES 2007). Although sub-regional integration has not ceased to be a goal, it is no longer a priority (Vigevani et al 2008). Furthermore, the increasing pluralization of actors with a stake in foreign policy (Cason and Power 2009) may also be making Brazil more globally – as opposed to regionally – sensitive.

The Brazilian bid for leadership has been hindered by several factors, which can be understood by examining the four dichotomies presented in the first part of this article. First, the structural component of its leadership project (i.e. military power and economic might) has been insufficient to buy support, and the instrumental component alone also proved not to be enough. Second, the technical approach to consolidate reached its limits when Brazil faced rivals such as Venezuela, the U.S. or Taiwan that are willing to give money to win over undecided followers. Third, Brazil discarded key institutional leadership resources because it felt that building common institutions would tie it to untrustworthy neighbors rather than consolidate regional integration. Finally, the ensuing politicization of its regional strategies meant that they were perceived as hegemonic attempts rather than as evidence of an enlightened leadership based on the pursuit of shared interests.

To be sure, Brazil has not become indifferent to the region. However, its ambitions are increasingly defensive rather than offensive. The main goal is no longer to integrate South America into a regional bloc with a single voice – that single voice being not incidentally Brazil's – but rather to limit damages. Now, it seems sufficient to

stabilize the region and prevent political instability, economic turmoil and border conflicts. The name of the game is to *keep quiet* rather than *lead* the neighborhood, since preventing trouble in its backyard seems to be a necessary condition for Brazil to consolidate its global gains. As Brazil is not a revisionist power that intends to upset the system but rather a reformist one that wishes to enter the system, damage control has become its central task. This has turned a would-be leader into a fireman or, as Carlos Quenan once suggested, a *leader of last resort*. Thus, as *The Economist* aptly remarked, “it may be the rising power in the Americas but Brazil is finding that diplomatic ambition can prompt resentment.”⁸ By trying to mitigate this resentment, the country may find itself closer to the category of a traditional rather than an emerging middle power. In other words, it can aspire to a leading role on the global stage as long as it goes it alone.

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¹ Postulated by American sociologist William Isaac Thomas in 1928, the theorem asserted that, “if men define situations as real, they are real in their consequences.”

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