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Strong Presidentialism and the Limits of Foreign Policy Success: Explaining Cooperation Between Brazil and Venezuela

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This paper concerns the growing importance of the executive to the foreign policies of Brazil and Venezuela. Exploring the implications of this trend, it examines the extent to which the concentration of power in the presidency—rather than its diffusion in institutions—facilitates the steering tasks of government in an interstate setting. It focuses on the issue of energy security—a theme integral to both states—so as to tell a larger story about the role of the executive in promoting cooperation in spite of the different policy trajectories pursued by the respective foreign ministries. It concludes that while the concentration of power is beneficial to the monitoring of and intervention into the cooperation process so as to push it forward, in the absence of a strong institutional backdrop, the longevity of such cooperation is likely to be limited.

Keywords: presidential power, Latin America, foreign policy, inter-governmental cooperation, energy security

There has been a renewal of interest in the study of Latin American presidentialism. Spawned largely in response to the return to democracy throughout the region during the 1980s and 1990s, greater attention is now paid to the intricacies of Latin American democratic structures and the mechanics of decision making. While the importance of the executive to Latin American politics has long been accepted, there is a growing interest in exploring the dynamics of this position without recourse to comparisons with the United States or Europe. This shift away from “pure” presidentialism—and its normative adherence to Western models—has led to an appreciation of the *sui generis* character of Latin American presidential regimes. Although undoubtedly the region—including the two federal states of Brazil and Venezuela—has been informed by the presidential experience of the United States, it is another thing altogether to assert that this has been a simple transfer, that the same institutions have structured the powers of the president. Even if some ancillary institutions were borrowed, they have evolved over time to create new variants of presidentialism that bear little resemblance to the US model (Cheibub, Elkins, and Ginsburg 2011). Consequently, as the richness and diversity of these regimes have grown, so too has the study of their formation and on-going development.

While the paper seeks to contribute to this literature, it does so by moving outside the confines of the nation-state itself, to explore the reaches of presidential power in the process of interstate cooperation. Although it is informed by work on presidentialism—including elements of both formalist and functionalist approaches—it explores avenues largely uncharted within this setting. As such, it concerns the growing importance of the executive to the formation of foreign

policies, with investigation centering on the institutional implications and policy outcomes associated with this trend. To this extent, the executive power explored here does not concern the relationships with the legislative and judicial branches, nor the mechanics of party politics and the workings of presidential support. It offers no insight into the on-going debate over whether there exists a relationship between presidentialism and democratic stability, nor does it engage with social or cultural phenomena so as to explain presidential behavior. Rather, the interest here lies in the role of the executive in an interstate setting where the scope of political institutions is more *ad hoc* and consequently provides less checks and balances on presidential conduct.

In this setting, attention is given to the issue of energy security, with a specific focus on the construction of a joint Brazil–Venezuela owned and operated refinery in the state of Pernambuco, Brazil. More than a focus on a refinery, however, the paper uses its construction to tell a larger story about the role of the executive in promoting interstate cooperation in spite of the different developmental visions and trajectories pursued by the respective state institutions. In the Venezuelan case, for example, the objectives of greater regional solidarity and the construction of a multi-polar world result in Caracas promoting a deeper level of *integration*; while in the Brazilian case a process of *inter-connection* is demonstrated wherein cooperation is forwarded so long as it coincides with the energy needs and strategic vision of Brasília. Despite these different objectives, however, the paper reveals a degree of overlap that enables cooperation; albeit a level of cooperation that is largely reliant on presidential monitoring and, if necessary, intervention. By exploring executive power—first in relation to Luiz Inácio Lula da Silva and Hugo Chávez; then Dilma Rousseff and Chávez; and now Rousseff and Nicolás Maduro—the paper highlights how the concentration of power is beneficial to active policymaking; however, in the absence of a strong institutional backdrop, the longevity of such policies is likely to be limited.

Presidentialism in Latin America: Toward a *Sui Generis* View

While this analysis eschews the dichotomous debate between formalists and functionalists—between an emphasis placed on political institutions against a focus on executive functions and outcomes—it does raise important questions over the reach of presidential power in an institutional environment that is largely *ad hoc* (Mainwaring 1990; Shugart and Mainwaring 1997). Analysis on the role of Latin American political institutions by scholars like Juan J. Linz (1989, 1994) and Arturo Valenzuela (1993, 2004) highlights how presidentialism and its tendency toward the concentration of power represents a largely rigid regime that conflicts with established political institutions in the region. Understood as a challenge to a stable political system, strict constitutional arrangements not only lead to inertia, but potentially to instability as the tendency toward a single-person executive risks both an accumulation of power and its potential misuse. In contrast to this focus on system-breakdown, however, the paper asks whether the concentration of power in the executive facilitates the development of the informal networks and interstate dialogue that are necessary to accomplish their respective international agendas. That is, to paraphrase (Weaver and Rockman 1993; Rockman 1997a,b), does the extent to which power is concentrated in the presidency, rather than diffused in political institutions, facilitate the steering tasks of government in an interstate setting? Put simply, does executive intervention lubricate interstate cooperation in the absence of a rigid institutional backdrop?

Focusing on the issue of energy security, an area in which both Brazil and Venezuela remain reliant on international partners—albeit for different reasons—the aim below is to first outline the growing role of the executive in foreign affairs. Be it a rise in presidential diplomacy in Brazil or the new direction and

leadership of the Venezuelan Ministry of Foreign Affairs, in both cases not only does the executive play a central role, but more insightful for the purposes here is how this presidential authority is integral to facilitating interstate cooperation. The paper then concludes by returning to the literature on Presidentialism and the debates over the concentration of executive power against its diffusion in political institutions. It uses this debate to explain the initial success of cooperation with respect to the Pernambuco refinery, but also to reveal its long-term limits in relation to the truncated steps toward genuine integration.

Regional Energy Security: Venezuelan Integration

A cursory glance at presidential authority in Venezuela outlines its centrality to how Caracas conducts itself, both domestically and in the region. Historically, Venezuela's pluralist presidential electoral system has resulted in the concentration of the popular vote in a small number of parties—giving rise to, in the words of Michael Coppedge (1996), a “partyarchy” in which two parties alternate in power.¹ While political scientists have long outlined the dangers of such a voting system to democratic pluralism—notably Arend Lijphart (1992), but also Shugart and Carey (1992)²—this concentration of power has continued, albeit in a different form, despite the new constitution in 1999.³ Developed during the Chávez administration (1998–2013), the new constitution not only resulted in greater presidential authority—including the replacement of the country's bicameral legislative system with a unicameral National Assembly—but it also contained a number of instruments designed to increase democratic participation and government responsiveness such as referenda, the participation of civil society in the nomination processes of public officials, and incentives for local organizations to make demands of government.⁴

With respect to foreign policy, however, as the new Chávez administration developed so too did its reform of the Venezuelan Ministry of Foreign Affairs. Dating from 2004, in the aftermath of a recall referendum, the Chávez administration began an overhaul of the Ministry, implementing a new “multi-polar” strategic vision and reassigning former diplomats associated with the *ancien régime* (Urrutia 2006). Enshrined in the 1999 Constitution, the strategy of “multipolarity” obliged the government to pursue “Latin American and Caribbean integration” guided by “solidarity,” and thus strongly contrasted with the unipolar, post-Cold War (new world) order. While the implications of this multi-polar vision would become clearer as the Chávez presidency evolved, an early manifestation of this view saw Venezuela oppose neo-liberal globalization and, more specifically, the now defunct Free Trade Area of the Americas (FTAA). Central to this position, both then and now, is the Bolivarian Alliance for the Peoples of Our America—People's Trade Treaty (ALBA-TCP).⁵ Launched in 2004 between Cuba and Venezuela, ALBA-TCP was founded not only on the “firm rejection of the content and goals of the FTAA” but, important for the purposes here, has become the chief regional forum through which Venezuela promotes its integrationist vision (Fox 2006). This is a vision that opposes market-led models of economic development by reorienting the focus of development downwards. From

¹Also see McCoy (1999) for further revisions on this theme.

²See also Duverger (1986).

³Although Rafael Caldera, an architect of Venezuela's “pacted” democracy known as *Punto Fijo*, ended the bipartisan accord by running on a new ticket *Convergencia Nacional* in 1994, he failed to amend the constitution.

⁴For more on the democratic merit of the Venezuelan model see Hellinger (2005, 2011) and Ellner (2008, 2010). While for less favorable views see Álvarez (2002) and Coppedge (2002).

⁵The membership of ALBA-TCP currently includes Venezuela, Cuba, Ecuador, Bolivia, Nicaragua, Dominica, St. Vincent and the Grenadines, Suriname, St. Lucia, and Antigua and Barbuda. Moreover, Uruguay, Paraguay, Haiti, and Granada have observer status.

its outset, for example, it initiated a series of barter arrangements based around the exchange of goods and services with the aim of providing for the needs of those previously marginalized. Mission Robinson was one such early arrangement in which Cuba provided literacy programs in exchange for subsidized Venezuelan oil; while similar exchanges continue to involve Cuban doctors (Mission *Barrio Adentro*) and Cuban ophthalmology services (Mission Miracle).

While this outline of ALBA-TCP projects is far from exhaustive, it does provide an insight into how Venezuela promotes its energy resources at a regional level. Foremost in this cooperation is PetroCaribe, which is a Venezuelan initiative allowing Caribbean states to buy oil at a reduced upfront fee.⁶ Promoted as a development tool, PetroCaribe enables member-states to repay Venezuela via a 25-year financing agreement on 1% interest. Complementing this regional agreement is a series of individual accords at a state-to-state level. Here, integration involves barter exchanges and joint production processes with other state-run oil companies. Examples of this include a “strategic alliance” between the Venezuelan state-owned oil company *Petróleos de Venezuela S.A. (PdVSA)* and *Ancap* of Uruguay; in Cuba where PdVSA has worked with *Cupet* to upgrade the *Cienfuegos* refinery; and, most recently in Argentina, where the renationalized *YPF* will commence drilling in the *Orinoco Belt* in Eastern Venezuela (*El Nacional* 2005; *Business News Americas* 2006a). Moreover, on the broader international setting, Caracas advances an *oil-for-loans* model wherein it offers access to its oil reserves as a means of securing loans. Such schemes enable the country to invest in oil infrastructure so as to enhance its refining capacity; however, these agreements also reduce revenues and its access to foreign capital.

Brazilian Inter-Connection

Similar to Caracas, political reform in Brasilia has centralized authority in the presidency. Constitutional reforms in 1988 granted its president the highest degree of institutional autonomy then apparent in Latin America, with Article 62 in particular allowing it to enact legislation on its own in cases of “*relevância e urgência*” (Shugart and Carey 1992). These amendments allowed the president to initiate budgetary and tax legislation and the right to demand urgency procedures in bringing bills to vote (Mainwaring 1997). Cumulatively, this authority has rendered Brazil—in the words of Timothy Power (1998)—a state where “the executive acts and the legislature reacts,” while the domestic implications of this concentration of power are further outlined by Barry Ames (1995) wherein the degree of executive control over most “pork-barrel programs, [means that] good relations with the president are a must.”

This trajectory is also confirmed in the area of foreign affairs. Over the past two decades the Ministry of Foreign Relations (Itamaraty), an institution highly professionalized and traditionally dominant in the scope and direction of Brazilian foreign policy, has declined in importance relative to the presidency. For Cason and Power (2009), Itamaraty’s influence has waned as a result of new actors influencing the Brazilian worldview since its return to democracy—notably NGOs, public opinion, and the private sector—but more important for the purposes here, due to an increase in presidential diplomacy. Dating from the Fernando Henrique Cardoso administration (1995–2002) and continuing during the Lula presidency (2002–2010), the presidentialization of foreign affairs has led to a short-term focus aligned with the electoral cycle, and a greater degree of personalism wherein relationships with other foreign leaders—notably here,

⁶PetroCaribe is part of a larger region-wide integration project called Petroamérica. Encompassing, Petrosur, Petroandina, and PetroCaribe, Petroamérica was created in 2004, to encompass all state energy companies in Latin America.

Hugo Chávez and Nicolás Maduro—contribute to its policy orientation. In practice, this results in a less consistent foreign policy approach more concerned with “making a splash” and achieving policy outcomes, than the long-term strategic visions traditionally associated with the Foreign Ministry.

Turning to its position regarding energy security, if the Venezuelan model is defined by the extent to which it promotes regional solidarity, then the Brazilian position centers on a more nuanced balance between domestic and regional concerns. Similar to the Venezuelan model, Brazilian energy integration involves high levels of state involvement. However, in contrast, Brazil promotes the takeover of regional energy firms rather than joint undertakings and shared productive initiatives that are more apparent in the Venezuelan model (Ellner 2007). At one level, this involves securing access to new oil and gas supplies by providing funds to capital-poor Argentina and helping PdVSA when it is in Brazilian interests (Borges 2005). A report from the United Nations Economic Commission for Latin America and the Caribbean (2004), for example, stated that South American energy “integration” often involves Brazil’s state-controlled oil firm, *Petróleo Brasileiro* (Petrobrás), being deployed regionally to secure energy supplies. Examples of this include the state-funded Petrobrás purchase of Argentina’s second largest energy firm Pérez Companc S.A. during the 2001 Argentine economic crisis, while Brazilian investment in Uruguay climbed from US\$12 million in 2004 to US\$320 million in 2006, largely due to the Petrobrás purchase of 89 domestic service stations and the distribution rights for gas throughout the country (Borges 2005; Zibechi 2006).

In addition to outright takeover, the Brazilian strategy also involves the consolidation of trade and trans-shipment routes. The Initiative for the Integration of Regional Infrastructure in South America (IIRSA) created by Brazil in 2000 exemplifies this trend (Mendes da Fonseca and Duque Dutra 2007). Rather than integrating production structures, it is *interconnection* with IIRSA that facilitates Brazilian access to regional energy sources while foregoing as little control over the production and allocation of resources as possible (Kaltenthaler and Mora 2002). Indeed, far from ceding control, IIRSA plays an integral role in the expansion of Brazilian firms within South America. Facing limitations in the early 1990s, IIRSA enabled Brazil to expand the productive capabilities of domestic firms.⁷ With state funding through the National Bank for Economic and Social Development (BNDES), Brazilian construction companies Norberto Odebrecht, Andrade Gutierrez, and Queiroz Galvão have acquired extensive investments throughout South America (Iglesias 2008). Moreover, within the Union of South American Nations (UNASUR), Brazil’s interconnection logic can be seen in its commitment to spend US\$13.7 billion over the next decade on infrastructure and energy integration as a means to facilitating trade and commerce within Latin America.

Energy Security and Presidentialism: The Case of Abreu e Lima

In light of these different integration/inter-connection policy trajectories, the interest below centers on explaining Brazil-Venezuela cooperation. It does so by taking a concrete example: the construction of the Abreu e Lima refinery in Pernambuco. This decision to focus on the energy sector is deliberate, for if genuine cooperation is to occur, then energy is where it will most likely happen, as energy is one of the few commodities where regional trade serves Brazilian interests. Indeed, with the exception of energy, the homogeneity of exports renders

⁷These limitations included slowing domestic demand and high rates of volatility since the 1980s for engineering services and construction materials. Access to foreign markets, therefore, offset these domestic difficulties. For more on these difficulties, see Iglesias (2008).

the wider South American market of limited interest to Brazil, as it produces much of what the region exports. Confining analysis to Brazil-Venezuela trade, this trend is apparent to the extent that bilateral trade between the two reached US\$5.668 million in 2008. However, 88% of this corresponded to Brazilian exports (*AP Spanish Worldstream* 2009). While such an imbalance is far from confined to Brazil-Venezuela trade links, it is demonstrative of how important petroleum has become to Brazilian commercial interests; an imperative compounded in recent times by the concern for its energy security after the 2001 crisis, where a dependence on unreliable hydroelectricity underscored the need to diversify its energy supply (Burges 2005). To this extent, Brazilian domestic energy concerns, combined with Venezuelan desires to diversify its trading partners beyond Washington, underpins this cooperation.

The case study of Abreu e Lima, then, reflects a best-case scenario when measuring the capacity of the executive to steer interstate cooperation. In this context, it will be shown that while the 2005 ground-breaking ceremony reflected a shared integrationist logic, by 2013, this relationship would begin to shift, as Brazil seeks to maximize its control over the direction of the refinery, thereby suggesting a level of “soft cooperation” more akin to inter-connection.

On December 16, 2005, the presidents of Brazil and Venezuela met in Pernambuco at a ceremony to begin construction on a jointly owned and operated refinery. Named after the local independence hero José Inácio de Abreu e Lima who fought with Simón Bolívar in the nineteenth century, the new refinery promised to inaugurate a new era of cooperation. Billed as an initiative to consolidate regional integration, Hugo Chávez, alongside his Brazilian counterpart, Luiz Inácio Lula da Silva, juxtaposed their shared history of exploitation against the promise offered by the Abreu e Lima project. Noting how sugar barons had “assassinated the land of Pernambuco. . . as a means of enriching European countries,” Chávez then invoked Abreu e Lima and his actions with Bolívar to redirect South American history. He described how both “crossed the Andes in that memorable campaign. . . the Battle of Boyacá [to liberate New Granada, present-day Colombia]” (Chávez 2006a). The Venezuelan President then conflated their steps toward independence with his own present-day mission to further integrate the Americas.

Brazilians and Venezuelans we have come together a lot, inspired by the same spirit of *patria* [homeland], liberty, justice, equality that Simón Bolívar and José Inácio de Abreu e Lima inspired. Men who fought for the same ideal that represented, from the same birthplace in our *patria*, a sign that should be eternal: Latin American union. (Chávez 2006b)

Revealing more than a historical affinity, at its conception, Abreu e Lima reflected the integrationist potential between the two states. Announced as part of a broader range of measures, the refinery was to operate alongside a proposed US\$25 billion natural gas pipeline between Venezuela, Brazil, and Argentina dubbed the “Gran Gasoducto del Sur,” and the cooperation of PdVSA and Petrobrás in the US\$3.5 billion development of the Carabobo 1 block in Venezuela’s Orinoco Belt (*Agencia Mexicana de Noticias* 2005; *Business News Americas* 2006b). Far from an initiative pushed exclusively by Venezuela, Brazilian President Lula was a staunch backer of this integration. In 2005, for example, he argued that the Venezuela-Brazil association was “200 years overdue,” and reinforced these comments 4 years later when speaking at the signing of a joint company to construct and operate the Abreu e Lima plant (*Inter Press Service* 2005). “I believe that the moment we are living in South America,” he began, “is a very important moment for the consolidation of the ideas that came before us and

thought about the liberation of our countries, first from the Spanish and Portuguese and later the British and the United States” (*AP Spanish Worldstream* 2009).

While such comments could equally be attributed to Hugo Chávez and his multi-polar position, the degree of cooperation extended beyond north Eastern Brazil. Brazilian firm Norberto Odebrecht, for example, has operated throughout Venezuela, constructing the underground train network in Caracas, several bridges over the Orinoco River, and the irrigation systems in Maracaibo. Moreover, in 2009, both states signed an addendum to extend a Memorandum of Understanding between Venezuela’s state petrochemicals firm Pequiven and Brazilian petrochemicals group Braskem for the implementation of petrochemical installations in Camaçari, in Brazil’s Bahia state (*Business News Americas* 2009a). The degree of coordination between the two nations, in addition to the cooperation in Pernambuco, thus seemed to reflect an integrationist affinity between the two neighbors. This affinity, however, was short lived.

The first signs of disquiet became apparent in August 2007 when the then President of Petrobrás, José Sergio Gabrielli, told reporters that the 2010 start date for production was his company’s first priority, and that they would “go ahead with it, even without Venezuela’s participation” (*AE Brazil Agência Estado* 2007). These concerns were only heightened when President Lula arrived the following month to officially launch the commencement of construction. Conspicuous in their absence, however, was any representative of PdVSA, the Venezuelan Embassy, or the Chávez administration. The reasons behind this absence centered on delays within PdVSA in providing the necessary documentation over establishing a joint venture between the two state oil companies (*AP Spanish Worldstream* 2007). While these particular concerns were eventually overcome, further delays and disagreements over the direction of the project remain. Just 2 years later, for example, differences over the set price of Venezuelan crude to be refined resulted in further threats by Petrobrás that “[i]f no agreement is reached, there’s plenty of oil in Brazil to be used” (*AE Brazil-Financial and Corporate News Service* 2009).

The cause of these delays, however, was not confined to problems in Caracas. The Chávez administration repeatedly raised concerns over on-going cost blow-outs and a series of irregularities in relation to the Brazilian organized tender process. When the project was first launched, for example, total costs were estimated at US\$2.5 billion. By mid 2013, however, estimates stand at more than US \$17.5 billion (*Business News Americas* 2013). These issues have been compounded by reports from the controller-general’s office in Brasilia that Petrobrás overpaid its contractors by as much as US\$43 million. The two main tenders carried out—involving the coking-unit tender won by Camargo Correa and the inter-linking refinery pipelines tender won by Queiroz Galvão—had to be renegotiated after pricing concerns (*O Estado de São* 2009).

These issue-specific concerns, however, have been compounded by larger disparities over the direction and funding of the Abreu e Lima plant. A Brazilian deadline for PdVSA to provide the required 40% stake in the refinery—already extended a number of times—is yet to be renegotiated, while Venezuelan discussions with the BNDES are on-going over whether or not the new Nicolás Maduro government will take over the \$9 billion Real loans from the Brazilian government (*O Estado de São Paulo* 2011; *SeeNews Latin America* 2012). Demonstrating a desire to maintain cooperation, in the 2013 budget PdVSA allotted \$5.6 billion for Abreu e Lima, thereby suggesting an alignment between the foreign policy positions of the Maduro and Chávez governments. However, this degree of continuity is also reflected in the truncated nature of cooperation, with PdVSA president Rafael Ramirez describing the project as “very expensive” in late 2013. More perilous still for the possibility of integration is the breakdown of the cooperation initially launched alongside the

Abreu e Lima construction: the joint production of the Carabobo block 1 in the Orinoco Delta and the scrapping of the Gasoducto del Sur.

Given this precarious situation, what lessons can be drawn from Abreu e Lima and what insights does it provide on the level of presidential agency in an interstate setting? The first point to note is the central role of both heads of state in enabling cooperation to last as long as it has. It was only after a meeting of Presidents Lula and Chávez, for example, that the first series of disagreements in September 2007 were resolved (*Business News Americas* 2007). Importantly, it was at these same discussions that both leaders agreed to meet every 3 months so as to discuss issues of mutual interest and to more closely follow their energy and investment cooperation (Cambero 2007). In a follow-up December meeting, President Lula emphasized how the “political will” of both countries would prevail over any technical and bureaucratic difficulties. Specifically, this involved both heads of state ordering their respective oil companies to resolve their disputes. “When we arrived there,” President Lula maintained, “neither PdVSA nor Petrobrás were in agreement. We had to call [the presidents of the companies] and say that they had an agreement to fulfill...[w]e ordered them to solve it” (*Latin America News Digest* 2009).⁸

This level of presidential engagement has continued under the Dilma Rousseff administration. Within her first 6 months in office, Rousseff met with Chávez to reach an accord over the financing of Abreu e Lima. This came despite further pronouncements within Petrobrás that it would proceed with construction without PdVSA (*Agencia Mexicana de Noticias* 2011; *Dow Jones en Español* 2011). Moreover, in February 2012, Rousseff again ordered Petrobrás to accept Venezuelan assurances over the provision of documents that were integral to deliberations and necessary for the negotiation process to be further extended (*O Estado de São Paulo* 2012). Further demonstrating the importance of the executive to cooperation was the stalling of negotiations that followed Chávez’s deterioration in health. While these delays were initially compounded by the President’s multiple visits to Cuba for treatment, immediately following his death negotiations stagnated. In April 2013, Petrobrás CEO, Maria das Graças Foster, noted how she has “been trying to organize a meeting with our colleague [PdVSA president] Rafael Ramírez. But we understand that it has been a tumultuous period in Venezuela and his focus has been elsewhere” (*Business News Americas* 2013). Not only did the absence of a strong executive concern Petrobrás, so too has the business council of Brazil called on the new Maduro administration to honor its previous agreements forged with his predecessor (*Reuters—Noticias Latinoamericanas* 2013).

For Venezuela, this reliance on the executive not only to spur interstate negotiations, but also to be a pivotal actor in the on-going administration of commercial activity reveals the extent to which presidential involvement lubricates interstate cooperation. For Brazil, while the focus on Abreu e Lima is undoubtedly a narrow snapshot of its foreign policy, it is clear that the executive continues to be integral to its diplomacy. Indeed, the degree of presidentialism that first began in the Cardoso administration appears to have continued during both the Lula and Dilma presidencies. For both Brasília and Caracas, then, should this active involvement decrease, a tendency toward stagnation and division is clearly apparent.⁹

⁸Even in the cases where Chávez himself was not directly involved, his most trusted and respected minister, Rafael Ramírez, was central to the continued development of the integration process.

⁹Interestingly, Andrés Malamud (2004:149) explores three cases of integration in Latin America, arguing “that direct presidential intervention played in either the start or the development of each process.”

Explaining Cooperation: National Interest and/or Presidentialization?

The degree of presidential involvement demonstrates both the limits of cooperation and executive authority. Focusing initially on the Brazilian position, how should the active engagement of both the Lula and Rousseff administrations be understood?

One possible answer is to return to an explanation based on its national interest and on-going concerns over energy security. In its recent past Brazilian demand for oil has exceeded supply. Petrobrás currently operates the large majority of Brazil's refining segment, which comprises 14 plants, predominantly in the country's Southeastern industrial heartland. Brazil's current total distillation capacity stands at approximately 2.7 million barrels per day (b/d). Although ethanol adds around 500,000 b/d for gasoline blending, with oil consumption set to reach 2.78 million b/d in 2011, and growing rapidly, this capacity is clearly inadequate to meet the country's long-term needs. This has forced Brazil to look into building new refineries. Petrobrás' 2011–2015 business plan involves downstream investment of US\$70.6 billion, with a large part set aside for greenfield refineries in Northeastern Brazil. The Abreu e Lima plant, for example, will increase capacity by up to 230,000 b/d, while the Premium I and II refineries will add 600,000 b/d and 300,000 b/d of capacity respectively (*BMI Industry Insights—Oil & Gas, Americas* 2011). Understood accordingly, Brazilian motives in cooperating with Venezuela appear clearly driven by its energy demand. This explanation, however, is more complicated.

The first complicating factor relates to recent increases in Brazilian oil reserves and the consequent diminishing reliance on Venezuelan crude. Indeed, while Brasilia may have been reliant on Venezuelan petroleum in the past, the recent discovery of reserves off its coastline reduces its motivation to cooperate with Venezuela based exclusively on its energy security. Not only will this discovery allow Brazil to become an important oil exporter in the near future, but the reliance on, and interest in, the lower quality, high sulfur content of Venezuelan crude is again likely to diminish. Accordingly, as Brazilian refining capacity increases, so too will its need to cooperate with oil-exporting states such as Venezuela decrease. If this is the case, then, how are we to explain the continued cooperation?

The suggestion here, then, is that Brazil–Venezuela collaboration operates at a level deeper than Brazilian concerns over its energy security. Rather, the tentative hypothesis offered is that there is a level of overlap between Brazilian interconnection and Venezuelan integration; an overlap only made possible by executive intervention.

The soft cooperation apparent, then, cannot be reduced to rational-behavioral conceptions of process and institution—be it of a realist or neoliberal institutionalist bent. Rather, interaction is understood through the socialization of actors and the construction of common interests (Wendt 1992:399). Read according to this constructivist position, cooperation is not a rigid transferal of interests between the two states, but stems from how the respective interconnection and integration worldviews anchor and promote processes of socialization through which definitions of interests and identities develop. This is not to suggest that these worldviews merge to form a unity, but rather each position shifts in its interactions with one another. Similar in this sense are claims by Stephen Krasner (1989:70) that the “preferences, capabilities, and basic self identities” of states are conditioned by their respective structures and existing connections. The interaction between Brasilia and Caracas, then, does not foster a common interest *per se*, but an appreciation of commonality that colors the respective policy trajectories. For example, while Brasilia may not share Venezuelan desires to solidify the Americas via integration, its executive still sees the merit in limited integration. To this extent, cooperation may be consistent with Brazil's long-term

goal of regional strength and stability, as integrating infrastructure projects increases the continent's international competitiveness. Here, an economically and politically stable region is imperative to Brazil's standing, as Brasilia is not yet big enough on its own to gain a strong international voice (Christensen 2007). Viewed accordingly, a strong region ensures a stable hemisphere and potentially acts as a stepping stone for Brazil's global objectives.

This reading is consistent with Alexander Wendt's classification of "modern and postmodern constructivist" insofar as it understands the development of interests as endogenous to interaction. The diffusion of these interests, however, cannot be seen as automatic wherein—similar to arguments of institutional isomorphism apparent in some constructivist and neoliberal institutionalist thinking—shared meaning is diffused by states being subjected to the same environment and therefore becoming more alike (Barnett 2005:264). Rather, this cooperation is driven by the executive precisely because interaction is not occurring automatically or through established institutional structures.

While the Brazilian position in regard to an economically and politically stable region is undoubtedly consistent with the strategic reasoning of Itamaraty, the impetus behind cooperation with Venezuela clearly rests upon the executive in Brasilia. Indeed, demonstrative of how this collaboration remains reliant on presidential diplomacy is the growing schism between the executive and Itamaraty over the level of engagement with Caracas. Dating from the Lula administration, there has been an increase in presidential involvement in interstate cooperation, particularly at the level of South–South relations. While this has involved intervention into previously underemphasized regions such as Asia, Africa, and the Middle East, so too has personal diplomacy been employed to manage bilateral relations with other left-of-center governments in the Americas (Cason and Power 2009). This focus has raised concerns within the Ministry. Lula's cooperation with Hugo Chávez in particular has provoked hostility within some quarters of Itamaraty, and has resulted in the strategic leaking of reports from the Ministry suggesting that Venezuela should be viewed not as a partner, but as a competitor for regional leadership. This theme became apparent during the nationalization of Bolivian Gas in 2006. Here, Bolivian President Evo Morales was repeatedly described as a Venezuelan pawn designed to provoke a bilateral row; a row which would benefit Venezuela both financially—in terms of replacing Bolivian gas with its own—and diplomatically—in terms of entrenching Caracas' partnership with La Paz.¹⁰

These concerns within the Foreign Ministry raise at least two key points. First, it reflects a level of disquiet within Itamaraty over the presidentialization of Brazilian foreign policy. That these concerns within the Ministry were aired publically demonstrates the schism that exists between the executive and its principal foreign policy institution. Second, and more telling however, is that the on-going cooperation with Venezuela highlights the authority and—for the present at least—the efficacy of presidential diplomacy. The ability of both Lula and Dilma to maintain positive relations with Caracas demonstrates the degree of

¹⁰Further outlining these events, on May 1, 2006, Morales went public with his decision to nationalize the natural gas industry, resulting in all foreign-owned gas fields and refineries placed under the control of the state firm YPFB. In response, Brazil implemented a contingency plan—led by the Energy and Mines Minister—to mitigate any potential impact from the curtailment. The resolution to the crisis, however, was instructive in terms of the argument of this paper in that it too was reliant on negotiations not only between Petrobras and YPFB, but again at an official level. The Bolivian Energy Minister, first Andres Soliz Rada and then Carlos Villegas, and their Brazilian counterpart Silas Rondeau, were central to discussions with an agreement reached on October 28, 2006. Politically, while Lula received heavy criticism for the backdown—with officials in Itamaraty decrying it as a failure of his personalistic foreign policy—the move was viewed by his supporters as necessary, with the South American leader needing to practice what he preached with respect to economic sovereignty and greater local autonomy of natural resources.

personalism between left-leaning presidents in Latin America. Notably, these links extend beyond energy integration. In June 2011, for example, both presidents reaffirmed their “strategic alliance,” wherein a series of accords were signed to deepen cooperation in areas such as petroleum, science, and technology. More than sharing access to petroleum, this cooperation would involve a deeper level of integration whereby Venezuela will provide industrial inputs for northern Brazil, leading to the creation of joint industrial production chains in the border region in sectors such as the metal-mechanical, agro-industrial, and glass industries. “Our border region deserves policies and initiatives related to the interconnectivity of our systems,” President Rousseff maintained, “be they electric, television, roadways, or the integration of production chain” (Zibechi 2011). The very existence of these ties is thus clearly attributable to executive authority and the rise in presidential diplomacy.

Concentration or Diffusion? Policy Implications for an Executive Agenda

While the degree of presidential intervention is beyond a doubt, the events in Abreu e Lima do raise questions over the longevity and quality of this cooperation. Indeed, the very existence of the Abreu e Lima project remains reliant on the active and on-going involvement of the respective heads of state. Alongside concerns within Itamaraty, the technical team at Petrobrás has repeatedly expressed its dissatisfaction with the stuttering partnership with PdVSA. Demonstrative of this discord is the very name of the refinery where the Brazilian staff reject the existing name, preferring the more technical title “Renest”—short for Refinaria do Nordeste (*Valor Economico* 2012). In explaining this divergence, much of the literature refers to a clash between Petrobrás’ free market mindset and Venezuela’s penchant for heavy state intervention (*Business News Americas* 2009b). Given this source of hostility and its propensity to grow in the absence of presidential intervention, any deal between the respective companies, if left to themselves, is highly unlikely.

Expanding on these findings, while it is clear that the executive has the power to initiate policy, it faces greater difficulty in maintaining support when implementing such policy. Although control over the direction of foreign policy is viewed as a characteristic of strong presidentialism, the capacity for these policies to be carried out must be taken into consideration before determining the efficacy (or not) of executive authority (Siaroff 2003; Magni-Berton 2013). To this extent, these findings correspond with a number of studies over the limits and possibilities of a concentration of power in the executive. Explored within the regional architecture of the Common Market of the South (Mercosur), Andrés Malamud describes how “inter-presidential dynamics” are integral to fostering regional integration, as it is the authority invested in the executive which results in the presidency becoming the “only possible suppliers of decisions, enforcement, and dispute resolution” (Malamud 2003:65, 69, 2005:148).

Similar findings are evident outside of this regional institutional setting. Weaver and Rockman (1993), for example, note how in a domestic setting where there is a strong concentration of power, the executive tends to “perform better at the steering task of government than those that diffuse power.” The concentration of power is understood to enhance active policymaking, with a strong executive able to forge links and promote areas of action that would have otherwise been less likely. In contrast, the diffusion of power is closely related to the maintenance of policy implementation and the capacity of government to adhere to its commitments (Rockman 1997a,b).

While the truncated cooperation in Abreu e Lima illustrates the fragility of interstate cooperation, it is also clear that there remains a bureaucratic constraint in the capacity to carry out the executive agenda. To this extent, the events

surrounding Abreu e Lima correspond with similar observations made by Osvaldo Trigueiro regarding the limitations of a seemingly omnipotent executive, whereby Brazilian presidents frequently have difficulties in realizing their agendas (cited in Mainwaring 1990). Interestingly, Michael Coppedge (1996) observes a parallel limit in the Venezuelan executive, wherein despite its economic and political stability in the latter half of the twentieth century, Caracas experienced frequent periods of immobilism. In this setting, the isolation of the executive, compounded by the former “partyarchic” nature of Venezuelan democracy, only exacerbated the tendency toward immobilism.

Understood accordingly, while executive authority in Brasilia and Caracas is integral to the forging of new policy, at the same time, the lack of institutional involvement remains an impediment to progress. In Venezuela, this institutional vacuum is reflected in the stagnation of negotiations in the absence of a strong executive, while in Brazil, the hesitancy, if not hostility, of Itamaraty toward Venezuela, combined with the strategic vision of Petrobrás, reveals a current disconnect over the level of Brazilian engagement with Venezuela. Although this disconnect has undoubtedly contributed to the relatively minor role played by Itamaraty in Pernambuco, so too does the fact that cooperation is taking place domestically highlight how this new initiative does not necessarily align with the traditional roles carried out by established institutional actors. It is in this context of *ad hoc intrastate* cooperation that the presidentialization of Brazilian foreign policy becomes even less encumbered by institutional checks and balances.

Future Trajectories

Exploring the future implications of this reliance on the executive, two scenarios are explored: a best and worst case. With respect to the former, despite the precarious nature of cooperation, the process of integration—for the time being at least—remains on track. To this extent, the level of overlap, or “soft cooperation” between Brazilian inter-connection and Venezuelan integration can potentially lead to deeper cooperation in the future. While cooperation is currently dependent on an alignment of national interests as defined by the executive, the establishment of closer interdependencies through energy integration means that common concerns and interests are likely to emerge. With respect to energy integration, for example, any decline in the profitability of cooperation is as likely to lead to a common response as it is to end in fracture, because each member has a vested interest in the project’s viability. In this setting, despite being led by the executive, cooperation enables institutional relationships to develop, with the presidential worldview eventually “trickling down” into the relevant institutions. This shift is already apparent to a limited extent within Petrobrás, as its new CEO, Maria das Graças Foster, has taken a far more favorable view of cooperation with PdVSA than her predecessors. Given this context, changes in the interstate or the international arena are thus as likely to elicit a common response as they are to end in disintegration.

Understood from a worst-case perspective, however, should the degree of presidential involvement change or disappear completely, then the nature of cooperation is likely to be affected. This tendency is already apparent. Clearly, progress in the construction and negotiation processes at Abreu e Lima is reliant on the respective heads of state ordering officials to cooperate. In the absence of this intervention and an institutional framework within which to promote resolution, future cooperation appears precarious. At best, cooperation would move from an integrationist position to a focus on inter-connection, with this reduction in the quality of engagement still dependent on the continued alignment of presidential interests. Given recent developments in Brazil, including the discovery of its own oil reserves and the growing diversity of its energy supply, then

any claims to a future deepening of regional integration must be qualified. While in the short to medium term, the pursuit of multiple energy strategies in terms of securing oil reserves is logical, as Brazilian interests shift to the domestic developments of its own offshore oil capacity, then regional integration is again likely to suffer. At worst, however, should there be a change in leadership and movements away from the Brazilian Workers' Party, then the motivation to cooperate with a "radical" leftist Venezuela is likely to diminish. Indeed, should any leader become unwilling or unable to push for integration, then trends toward disintegration are probable.

Placing these findings in a larger regional context, the truncated, soft cooperation between Brasilia and Caracas is often reflected in other regional institutions. As already noted, within Mercosur, inter-presidential dynamics are integral to fostering regional integration. For Malamud (2005:148), the "institutional capabilities" and "historical pre-eminence" of the Latin American presidency means that the presidents have been "targeted as the only possible suppliers of decisions, enforcement, and dispute resolution." However, such reliance, combined with low levels of interdependence has inhibited spillover from taking place and the expansion of cooperation (Malamud and Schmitter 2011). Beyond the Common Market, similar dynamics are apparent in UNASUR. Its South American Defense Council (SDC) is instructive in this regard. While the Council was principally a Brazilian initiative—despite previous calls from Venezuela for a similar project—it has since become the chief regional institution for mediation and crisis management. In this setting, strong presidential dynamics were not only integral to the founding of the SDC, but are central to its ongoing practice and expansion into different sectors. With respect to natural resources, for example, its 2009 Statute asserts that "The Defense Council shall act in conformity...[in] strengthening the sovereign defense of natural resources in our nations," while its declaration from the Third Ordinary Meeting in Lima (May 12–13, 2011) emphasized the importance of protecting biodiversity and strategic natural resources. Here, strong presidentialism has not impeded spillover, with inter-governmental institutions growing in importance despite initial presidential agency. What this suggests, then, is a regional dynamism that is difficult to chart before empirical investigation, with the multiple regional trajectories corresponding to a diverse and increasingly complex institutional architecture.

Conclusions

Investigation into interstate cooperation between Brazil and Venezuela reveals the importance of a strong executive. Although this is not necessarily a new trend, the presidentialization of foreign policy does highlight both the limits and possibilities for interstate cooperation in the Americas. With respect to the latter, an ideological affinity between the Brazilian Workers' Party and first the Chávez and now Maduro administrations reveals a commitment to cooperation that would otherwise be greatly reduced. Put simply, the personal diplomacy between the executive offices in Brasilia and Caracas underpins cooperation. Contrary to some views within Itamaraty, then, this affinity runs counter to beliefs that each state is competing for the regional leadership and ideological direction of South America. Rather, cooperation at Abreu e Lima suggests that there is a far greater overlap between the respective worldviews. To this extent, while the new Nicolás Maduro administration may seek to expand Venezuela's influence in the region through its oil diplomacy, this need not be viewed as coming at the expense of Brazilian leadership. Far from challenging the Brazilian position, a more accurate view of relations offered here is that Venezuela has found ways of benefiting from Brazilian leadership, able in this case to promote a developmental model of integration largely driven by its own ideological bent within Brazil itself.

At the same time, however, increased presidentialism also demonstrates the fragility of cooperation. Although the reliance on presidential diplomacy is a trajectory common to both Brasilia and Caracas, the means by which it is occurring differ. In Venezuela, for example, it has been the progressive takeover by the Chavistas of its Ministry of Foreign Affairs by replacing staff and the elaboration of a new strategic, multi-polar vision; while in Brazil, it is the side-stepping of Itamaraty and the increase in presidential diplomacy that is the big shift over the last two decades. While the long-term consequences of this presidentialization remain unclear, the increased role of the executive does not guarantee success. Indeed, the aborted “Gran Gasoducto del Sur” and the very limited cooperation apparent in the Orinoco Delta demonstrate how steps toward integration have failed in spite of the steering of a strong executive. In relation to the Abreu e Lima project, however, what becomes clear is that although a concentration of power may facilitate the genesis and direction of interstate cooperation, in the absence of institutional mechanism through which authority is diffused, the trajectory of cooperation remains uncertain. To move beyond such uncertainty, it would require that collaboration becomes less dependent on an active executive and an ideological alignment between left of center governments. Demonstrative in this regard is UNASUR, which—although still in its infancy—has been driven by a strong executive yet at the same time is developing inter-governmental dimensions in which cooperation is not only expansive, but involves governments as ideologically diverse as Colombia and Venezuela, Chile and Bolivia. The danger in failing to generate these institutional dimensions is that the longevity of any integration measure is likely to remain tied to the political turn to the left. To this extent, the uncertainty of interstate cooperation is linked to the uncertainty of the executive office itself, continually susceptible to short-term visions and the electoral cycle.

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