

REGIONAL INTEGRATION AND BRAZILIAN FOREIGN POLICY: STRATEGIES IN THE SOUTH AMERICAN SPACE

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RESUMO

Desde a criação da Associação Latino-Americana de Livre Comércio em 1960, os projetos de integração regional na América Latina apresentaram diversos estágios políticos e econômicos. Assim, o objetivo do artigo é expor, a partir da base teórica dos estudos de integração, a evolução do processo integracionista na América Latina e, no período mais recente, na América do Sul. A partir desta análise, visa-se avaliar qual o papel desempenhado pelo Brasil no processo, que tem com propósitos da agenda de política externa do país o exercício de uma ação regional e global, que alterna tanto a cooperação quanto a projeção de poder. Para isto, o texto encontra-se dividido nas seguintes seções, além da introdução e conclusão: (II) Abordagem Teórica (III) Uma Visão da Integração: a América Latina e a Política Externa Brasileira (IV) Desafios da Integração: o Desenvolvimento e a América Latina (1960/1970) (V) Da ALAC à ALADI (VI) A Reaproximação Brasil-Argentina: da Crise Política e Econômica ao Mercosul (1980) (VII) O Neoliberalismo e o Fim da Guerra Fria: O Retrocesso dos anos 1990 (VIII) O Renascimento do Espaço Sul-Americano: Geopolítica e Geoeconomia (2000/2012).

PALAVRAS-CHAVE: *integração; América do Sul; política externa brasileira.*

I. INTRODUCTION¹

In the last few years, analyses regarding regional integration have varied ranging from open optimism to deep pessimism. These considerations have been influenced by the ongoing political and economic crisis of the European Union model and the setbacks endured by other arrangements worldwide. As well, these evaluations are influenced by the deadlock of multilateral talks in general, either in the trade or in the diplomatic arena, as represented by the lack of progress and reform of known institutions such as the United Nations (UN), the International Monetary Fund (IMF) and the World Trade Organization (WTO). In addition, most countries are choosing bilateral agreements over multilateral ones due to the low political costs involved in talks and to the more limited scope of these pacts. Nevertheless, these crossroads cannot be considered as representative of general trends regarding regional integration, either of their success or of dilemmas.

Therefore, the aim of this article is to explore, supported by the theoretical framework of integration, the evolution of these projects in Latin America, and more recently in South America and Brazil's role in it, arguing that both cooperation and power projection are

viewed as purposes in the country's foreign policy agenda as a regional and global player. In order to do this, the paper is divided into the following parts: (i) A Theoretical Background; (ii) An Overview of Integration: Latin America and Brazilian Foreign Policy; (iii) Challenges of Integration: Development and Latin America (1960s/1970s) (iv) From ALALC to ALADI (v) Brazil and Argentina Rapprochement: From Political and Economic Crisis to the Mercosul (1980s) (vi) Neoliberalism and the End of the Cold War: a Step Back in the 1990s (vii) The Revival of the South American Space: Geopolitics and Geoeconomics (2000/2012).

II. A THEORETICAL BACKGROUND

The Latin America integration project was created as a proposal to break structural barriers of development in the region in the 1960s. On one hand, the proposal came as a solution for small domestic markets that were blocking the industrialization of small countries in the region, as evaluated by Economic Commission for Latin America (ECLAC). On the other, the project emerged as a defensive strategy against European integration. There was a fear that Latin American exports to the region would decline due to the Common Agricultural Policy (CAP) of the bloc.

From this point of view, integration was not a challenge to the State, and was perceived as a possible step for building a new political community as in

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Western Europe. Therefore, neofunctionalist theory was not a proper tool for the study of Latin America integration and to evaluate its reach. In the region, integration was always a project proposed by national governments that, frequently, found little or less support from local societies. The prospect of a political integration process in which loyalties would be progressively transferred from the State to supranational entities as cited by Haas (1958) was never regarded as a priority in Latin American integration. Even Latin America's leftist agenda was always sustained in the fight against imperialism on one hand, and, on the other, in creating better conditions for State sovereignty. This rhetoric proposed the creation of a community of States that shared a cultural heritage and a common political program of autonomy and development in the international system. However, the project implementation would clearly be defined nationally. Though, since the dawn of progressive Latin American thought in the 1950s, more than 50 years would go by until political conditions for the adoption of some of these priorities could be fulfilled by the States' foreign policy in the region.

For an analysis on how different theories can explain regional integration, Hurrell (1995) takes as a starting point that regionalization became a characteristic of the period that followed immediately after the end of the Cold War. On one side, there is the regional aggregation of economic, political and cultural trend and, on the other, the institutionalization of regional integration projects. In a sense, regionalization and regional integration were defining trends of the post-1989 era, with the recovery of European integration, the creation of the Common Market of the South (Mercosur) and of the North American Free Trade Agreement (Nafta).

Nevertheless, it is possible to identify two significant cycles of regional integration in the world: one in the 1950s/1960s and another in the 1990's. The difference is that on first period, integration was a marginal trend that did not affect great powers. However, in the 1990's, regionalization and regional integration became attractive even to the dominant power, the US. For South America, however, it is necessary to introduce the idea of a third cycle of regional integration, that is politically more relevant and begun in the 2000's when a new generation of leaders from the left came into power: Hugo Chávez in Venezuela, Luis Inácio Lula da Silva in Brazil, Evo Morales in Bolivia, Nestor Kirchner in Argentina, Rafael Correa in Equator among others.

In another theoretical exercise, based on the decision to put forward European integration with the Single Act (1992), Cornett e Caporaso (2000) reach, as Hurrell, a similar conclusion: each theory presents

a partial view of the process, so it is not possible to hold just one to explain the dynamics of regional integration. In spite of this analysis being centered in the reality of European integration, and how to explain it, if we do not consider the idealist theories that tend to understand integration as an end in itself, the majority of approaches tend to reinforce the idea that integration can be seen as a support to reach other political and economic goals of States. Integration emerges as an option depending on the goals of international economic projection, the domestic arena and the international system dynamics. States are only willing to lose some level of sovereignty if this may represent some sort of gains to achieve national goals.

Therefore, comes the relevance of Milward and Sorensen (1993) to explain European integration from an historic standpoint as they state that "the historical evidence, we hypothesize, suggests, that as far as it has been discovered, that the choice between interdependence and integration as international framework for advancing national policy choices is dependent on the nature of national policies" (*idem*, 1993, p. 12)

Following, they indicate that "because integration is a concession of state power to international bodies, whereas the limitations on sovereign actions imposed by interdependence remain a matter for adjustment purely within the national political system, why should a State ever choose integration and pay such penalties? There are perhaps some general advantages, in addition to the specific single policy-related advantages, in addition to the specific single policy related advantages so far considered, in an integracionist framework which are lacking in a world of mere interdependence" (*ibidem*).

According to the authors, integration is not an end itself or aims for broad goals. Integration is an additional tool for reaching national purposes in a context of growing political and economic internationalization. It can work as a means to favor national agricultural producers, or to define a strategy for specialization in international trade or to sustain a peace process in the long run. All in all, integration would present some advantages when compared to interdependence, since "it is less easily reversed, more exclusive and more law-abiding" (*idem*, p. 19). Integration allows "a mix of domestic deregulation and international mercantilism" (CORNETT & CAPORASO, 2000, p. 308). However, these advantages do not make integration an automatic choice for State: mostly it is only chosen when there is not enough interdependence to be used as a tool for national policies. States prefer to preserve their autonomy.

In this sense, to be successful, a project of integration must offer a comprehensive range of national goals that appeal to States. The goal that each country intends to achieve with an integration project is different and these plans need to be taken into account in order to guarantee that all participants share a compromise in the process.

III. AN OVERVIEW OF INTEGRATION: LATIN AMERICA AND BRAZILIAN FOREIGN POLICY

Analyzing Latin American integration based on Milward and Sorensen (1993) studies, it is possible to understand its inherent difficulties as well as the role of Brazilian leadership in the process. First of all, it is relevant to point out a real constraint from the starting: if for European States interdependence was a reality born from a geographical condition, and also, from long term historical ties, in Latin America the dependence experienced towards the capitalist dominant centre led to a reality of weak economic, political and social ties among them. Hence, integration tended to be viewed in the region as an *ex machina* solution, proposed by international organizations or by the governments in the region. Therefore, its consolidation faced greater barriers than in Europe due to this lack of a previous interdependence base from which the integration process would emerge.

A second reason is linked to national objectives. Although in Western Europe levels of development were not that homogenous, the asymmetries were much smaller than those in Latin America. Moreover, during the process of development of European nations, they were set apart due to different characteristics: available natural resources, population, capitalist structures and so on. Therefore, after Second World War, they had to recover their economies and each one had separate goals that they wanted to reach with integration. In Latin America, asymmetries are deeper, and structural heterogeneity is the main feature of each nation. In addition, there are significant differences among countries that were industrialized: some ended up almost resembling a developed industrial capitalist system whereas others maintained their agriculture in pre-capitalist stages in some features. Overall, this context leads to a more unified goal: development.

However, what was expected to make integration easier, a common goal, quite often, worked as a barrier. Due to the structural imbalances that affect trade results of these nations, gains on development are dependent on the increase of their exports. So, all nations are trying to guarantee a positive trade balance, which is not viable inside a regional bloc. In addition, protectionist policies are still a goal for the majority in order to protect local industries. Also, low economic

interdependence among these countries quite often indicates that the relevance of trade among them is not that high. These components lead to the fact that process of integration needs to be consolidated within a narrow margin of trade within each country. So, one should ask why would these nations choose a process of integration?

Since its early start, Latin American integration emerged as a tool to reach these goals: lower Latin American states dependence towards developed capitalist centres, increase national autonomy and enhance the ability of States to define national policies independently. As a bloc, countries should be able to fight against the structural constraints that were being imposed on their exercise of political and economic autonomy. For this reason, first Latin American integration and, nowadays, South American one, became a strategic goal for Brazil. Integration can be an effective instrument of power projection, without leading to an open confrontation with the US, the region's hegemonic power. As Furtado points out, "the resilience of national centres of decision making as the reference for the definition of standard values does not offer a barrier for the ongoing establishment of sub regional systems, that allow the coordination of efforts in order to solve common problems, in particular in the technological or financial field and for the definition of the strategy to follow in international markets" (FURTADO, 2003, p. 74).

This is a quite interesting strategy for Brazil, since it allows the country to share the political and economic burdens of its international repositioning, whereas promoting a spillover of the political and economic benefits of this process to other countries. Therefore, for Brazil, in terms of power and global projection, gains would be more significant and safer, due to its territorial size and economic weight. However, even with these positive trends, Brazil also has some difficulties in its compromises to the process of integration that come from the core of its traditional pattern of international relations.

Whereas considering the main principles of Brazilian foreign policy, the concepts of non-intervention and non-interference are deeply ingrained in the country's tradition of international relations. Also, they can be added to the valorization of international institutions and the priority of establishing good relations with South America's neighbors as pillars of Brazilian conduct in the region and worldwide. Mostly, they reveal Brazil's main concern in developing a non-confrontational stance in the world and its search for expanding its contacts, strengthening its position as a global trader and global player. Moreover, they are

intended to broaden the political support for the Brazilian agenda in multilateral talks. Concepts like power and leadership are replaced by the notion of cooperation, partnership and shared burdens.

So, although Brazil has played a significant role in Latin America integration since the 1960s, the components of these projects were mainly economical, linked to trade, and the country was very shy in forging compromises that would lead to a more deep relation with its neighbors. In addition, Brazil's initial leadership of the projects tended to wane as soon as the projects were not seen as profitable ones for the internal economy, also being overwhelmed by the rhetoric of cooperation and Brazil's own denial of its power position in the region. In this sense, Brazil was acting similar to the US approach of international relations in the 18th and 19th century, as exemplified by the idea of "non-entangling alliances".

However, this hands-off approach is being adjusted due to changes in Brazil's relative power position and an ongoing domestic debate regarding which role should the country play in South America and the world. Even though a more assertive stance can be perceived in integration since the 1980s, it was not until the 2000s that some of the traditional concepts were revised. In the last decade, in particular during Luis Inácio Lula da Silva government (2003/2010) and of Celso Amorim term as Minister of Foreign Relations, Brazil has emphasized the beginning of a new approach to its international relations, as represented by the concept of "non-indifference". Inspired by the African Union, the concept refers to the idea that no country can excuse itself of responsibilities in the world arena in the face of severe human rights disrespect. Even though this pillar referred to a specific issue when presented by Amorim, for instance, Brazil's leadership of the United Nations Mission for the stabilization of Haiti (MINUSTAH), it revealed an initial trend of projecting Brazil's power in international relations. In this sense, the growth of Brazil's power and its definition as an emerging nation alongside China, India, Russia and South Africa (BRICS) and also its efforts in promoting regional integration projects in South America with a political agenda are representative of this adjustment.

Nevertheless, Brazil still has some difficulties in exercising this role and there are several debates regarding the country's action in the world and in the region. These debates question the measure of political commitment, financial resources and power projection Brazil is willing (or not) to play in international relations. Despite Brazilian gains in the process of integration are clear, in particular whereas considering power

resources, there is still a challenge to demonstrate for neighboring nations that integration with Brazil is a useful tool for them to achieve their own national goals.

IV. CHALLENGES OF INTEGRATION: DEVELOPMENT AND LATIN AMERICA (1960S/1970S)

After the end of Second World War, the primary goal for Latin America was its development through industrialization. The effects of the 1929 Great Depression made it clear that it was not possible to sustain a second-tier economic role anymore, based on the exports of primary goods in order to sustain national development. As an answer to this crisis, countries that already had some level of development invested in the process of industrialization through import substitution (FURTADO, 1986). After the war, the idea of industrialization as the core of national projects of development is consolidated in almost all nations. Results, however, would be very different. Where some stood still, in particular smaller countries, the region most significant economies such as Brazil, Mexico and Argentina advanced their industrialization (even though unequally).

Although this development was not based on a common regional strategy or sustained by coordinated policy efforts, these nations had found in the ECLAC, a forum to discuss these issues of development, in particular the core theoretical basis and legitimation of ongoing industrialization policies. Nevertheless, these common economic ground have not led to regional integration process, since the economic ties amongst the nations was too feeble to ignite a common agenda.

In this framework, Brazil opted to strengthen its domestic market as a pillar for its import substitution strategy. Outside its borders, the country remained an exporter of primary products. For instance, Asian nations followed a different option, and focused their development in a diversification of their exports, upgrading their international stance. Japan, South Korea, Taiwan and China are some examples of this pattern. Latin American nations, Brazil mostly, depended on their exports to gain resources to finance its import substitution project (coffee in Brazil was the main commodity). This option, added to the lack of proper infrastructure that would allow the easier flow of trade, led to the absence of significant contacts between Latin America neighbors.

In Brazil's case, as soon as the industrialization succeeded, during the 1950s with Juscelino Kubistchek "Plano de Metas", that defined several development priorities for the modernization of the nation's economy, the domestic market was viewed

as insufficient to absorb these new trends. This perception would become common in the 1960s, and even ECLAC started to argue in favor of enlarging export markets to sustain this agenda. Therefore, to complement the small scale of some domestic Latin markets, integration was defined as a possible means to keep the track of industrialization going in the long run. In Celso Furtado's words, "one of the main reasons responsible for the lower efficiency of investments in a great number of underdeveloped nations is the known lack of relevant domestic markets. The increased diversification of industrial investments deepens the problem. On the other hand, technological advance overcomes the smaller economic dimension of units of production. Therefore, it is natural to try to overcome this obstacle with varied forms of integration of these national economies" (*idem*, p. 316).

The creation of the European Community in 1957 (Treaty of Rome) spread the notion worldwide, and not only in Latin America, that this arrangement would mean less access to European markets, reducing partners and exports. The adoption of the CAP, that is still a focus of controversy at the World Trade Organization (WTO), hit agricultural exporting nations. For Latin America, then, regional integration started to be viewed as a possible option for economic engagement and strengthening, in a defensive fashion towards Europe. Also, preferential trade agreements amongst some South American nations, such as the ones between Brazil-Argentina, Chile-Argentina, Chile-Peru, were near their end and no exceptions to the rule of Most Favored Nation (MFN) were accepted according to the General Agreement on Trade and Tariffs (GATT) (TAMAMES, 1974).

V. FROM ALALC TO ALADI

Latin America Free Trade Association (ALALC) was established in the 1960s, in Montevideo (Montevideo Treaty), Uruguay, between Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay (Colombia and Equator joined in 1961, Venezuela in 1966 and Bolivia in 1967). This process came along significant changes in the political and economical realm of Latin America nations. Military coups were held in Argentina in 1962, 1966 and 1967, in Brazil, 1964, and Uruguay and Chile 1973. In a sense, military regimes and economic crisis characterized the region from the 1960s-1980s. Brazil took a different path from its neighbors. Whereas the majority of military regimes have chosen the road of economic liberalization, which was brief in Brazil (1964-1967), Brazil's options were towards industrialization (accompanied by income concentration) (CANO, 2002).

Even though ALALC could have helped in the opening of economies, with proposals regarding tax reductions to zero until 1972, the process fell short. Trade talks amongst Latin American nations were very difficult due to the absence of common rules, the need to negotiate case by case and the disrespect of rules by nations. As well, in 1969 the Caracas Protocol, that altered the Montevideo Treaty, was not able to deal with exchange issues and many political compromises were not followed, added to the ongoing crisis. (TAMAMES, 1974). Since all countries were trying to increase their exports and achieve a positive trade balance, their policy tended to go against a compromise for integration.

In addition, Brazil turned inward due to its own industrialization project and closed its markets to its neighbors. The country was interested in strengthening its domestic basin, and exports were viewed as compensation, since the internal market was not able to absorb all the production. Also, Brazil exports to Latin American members of ALALC was not significant, ranging from 10 to 13% of our exports (with small peaks in the late 1970s of 16%-18%), as well as to other regions of the world such as Africa (which participation in exports grew from 2 to 8% of the total). Brazilian strategy of diversification of trade partners as a means to increase exports, led to a growth in trade with Argentina, Chile and Uruguay. However, these gains were more related to bilateral agreements than to ALALC. The distrust of Brazilian goals shared by its neighbors, that viewed the process as an attempt to transform Latin America in a market for Brazilian products represented an additional barrier to the fulfillment of the project of regional integration. (SILVA, 2004, p. 419).

The creation of the Latin American Economic System (SELA) in 1975 and of the Latin American Association of Integration (ALADI) in 1981, were a response to ALALC failures, not a proof of its success, since regional integration started to be viewed in a more loose framework, without fulfilling the projects of zero taxes and free flow of trade. Moreover, it opened the door to sub regional projects, not encompassing all ALALC members. Political instabilities and the debt crisis only worsened the prospects of an all encompassing Latin American arrangement. (TAMAMES, 1974). Brazil itself showed no interest in SELA, taking part in the initiative just as a means to counterbalance Mexico and Venezuela, the oil producers of the region, in the context of the oil crisis (BARRETO, 2006, p. 257).

For the critics, the process of integration was viewed as more of a demand of multinational enterprises that intended to reorganize their productive

chains regionally, and not as a goal to improve regional markets as a project designed by the state. In Furtado's analysis in 1973, "the attempts of *integration* of disarticulated national economies, unable to self-govern are limited to a contiguity of interests with big foreign enterprises that act in the region and will only serve to increase burdens and make it less likely the adoption of real policies of development" (FURTADO, 2003, p. 83; highlights in the original).

Brazil's option of sustaining and expanding its economic development through foreign debt during the 1970s shows that the country viewed the world economy as stable, even though that decade was characterized by crisis such as the break of the dollar-gold standard. At that time, the government considered that it would be able to end the modernization process fast, allowing Brazil to ascend to a different place in the world's power balance. It was a current belief that the nation growing industrial assets, the consolidation of hard machinery and the diversification of the energy matrix with ethanol and nuclear energy would lessen the dependence on foreign oil (leading to the reduction of imports of this expensive product, which prices were extremely high due to the first oil crisis in 1973). Brazil's-Western Germany Nuclear Agreement was representative of both: the energy diversification and the strengthening of Brazil in the world scenario (CERVO & BUENO, 2008).

Linked to this, Brazilian foreign policy was also a component of the development industrial project, and an instrument to strengthen the nation economically. Nevertheless, Brazil was not yet a policy maker or rule setter in this field, even though it searched for more opportunities. Therefore, its level of compromise with other nations, either in the world, or in the region, was conditioned to its individual interest that kept the nation apart from its neighbors or potential partners. In this sense, Brazil was not a member of the Non-Aligned Movement, and its participation in G-77 and ALALC was less present than it should have been. Even though, Brazil's international relations focused on the deepening of alternatives worldwide, mostly in the arena of South-South cooperation. Thus, even without a strong political agenda, Brazil was seeking new alternatives venues for its exports and more recognition for its power. Added to this, the Cold War bipolar agenda was also a natural limiting factor to more autonomous initiatives. So, there was no sustainability in Brazil's domestic or international agenda, even though the country experienced significant growth in the first half of the 1970s. The second oil shock in 1979 and debt crisis of 1982 put into check any expectations of being a lead power (CUEVA, 1989).

In spite of a relative governmental consensus regarding the relevance of regional integration, during the 1960s and 1970s they were unable to define a collective project of integration to be combined with national policies. Although regional integration has a strong potential to alter Latin American realities, it still remains an abstract answer, since it is an insufficient tool to surpass the structural economic regional realities that make development harder or even as a reference for a political alliance. The lack of interdependence amongst countries in the region led to a scenario where national responses and non-coordinate actions seem more adequate as solutions, in particular in the short run. Even for Brazil, a greater participation in regional markets is easier achieved through bilateral relations than through projects of regional integration.

The absence of strong regional economic interdependence ties whereas compared to the existing extra continental ones and economic short-term goals of the countries in the region, prevented integration from becoming an economic reality, aside the political rhetoric. Even though countries recognized the relevance of integration, this rhetoric served the purpose of making political statements in that international context, strengthening themes such as development. This situation reflected the power of ECLAC's agenda for development that understood integration as tool for development, but had no concrete impacts in putting forward that same integration. Despite the goals stated by the ALALC project, the level of economic interdependence among member nations was still low to make the project of economic integration viable. At first, it would be possible to share a political-economic regional project for the region, as presented by ECLAC in the 1950s. However, the political changes of the 1960s when military dictatorships came into power, the anticommunist agenda and the alignments towards the US due to the Cuban Revolution, weakened the agenda of a Latin American idea (which was reinforced by ALALC's lack of results). In the end, States chose to give more priority to domestic actions and enhance their interdependence with the US as a means to reach national goals, not regional integration.

VI. BRAZIL AND ARGENTINA RAPPROCHEMENT: FROM POLITICAL AND ECONOMIC CRISIS TO THE MERCOSUR (1980S)

If in the 1970s, Brazil and its South American neighbors parted ways regarding their strategies of national development, with Brazil betting on a State driven industrial project and its partners in policies of liberalization. Due to incoming crisis in the 1980s, this distancing was replaced by a political and economic convergence, leading to the reorientation of domestic

and foreign polices of these nations. For instance, Brazil and Argentina that were going through the final days of their military regimes rehearsed a rapprochement during the Malvinas War.

Usually seen as a menace by Argentina, Brazil officially sustained a position of neutrality during the conflict. However, this “neutrality” tended to Argentina, since Brazil did not allow British air forces to make use of Brazilian aerial space. After the end of the military regimes in the mid-1980s, geopolitical differences were rapidly overcome, which opened the door for a strategy of bilateral integration. The loose framework of ALADI contributed to this, but the defining issue that led to the closeness was the isolation endured by both nations due to the debt crisis and the limitations of the model of import substitution industrialization and the closure of domestic markets.

The turning point in this relation was the Declaration of Iguazu in 1985 that reaffirmed the wish to cooperate in the arena of nuclear energy for pacific uses (at the same date they signed the Joint Statement on Nuclear Policy) and the relevance of integration in the levels of infrastructure and economic matters. At that moment, the High Level Commission for Cooperation and Economic Bilateral Integration was created. In 1986, the Brazil-Argentina Act of Integration established the Program of Integration and Economic Cooperation, which goal was the creation of a common economic space through the selective opening of markets. This goal was fulfilled in 1988 with the Treaty of Integration, Cooperation and Development that established a ten-year maximum period for the complete liberalization of reciprocal trade. The Treaty envisioned the elimination of all tariff and non-tariff obstacles regarding the trade of goods and services. Protocols regarding trade linked to the Treaty were consolidated in the Agreement of Economic Complementarity no. 14 from ALADI (OLIVEIRA, 2003).

After abandoning the ambitious project of integration of the 1960s, Brazil and Argentina were able to define a more concrete agenda sustained on their national policy goals established since the beginning of the re-democratization process. Binational integration would help to enhance the process of industrialization that was at crossroads due to both nations external debt. Brazil and Argentina had an advantage in this arena: although their neighboring status generated some political-military tensions throughout history, it also allowed the creation of reasonable political and economic links that provided a head start for integration. Therefore, there was already some level of interdependence between the two countries and even in the Southern Cone.

The scenario of debt crisis, burdens of development and domestic transition led to the rapprochement of Latin American nations (CANO, 2002). At the same time, the convergence was limited due to the same political and economic difficulties that emerged from this crisis. Therefore, the articulation of a broad project of integration as once predicted by ALALC was not possible, due to the loss of autonomy in the region. For Brazilian foreign policy this meant a shrinking of partnerships in the South-South axis, not only for its own problems, but also related to the fact that these nations were suffering from the same political and economic imbalances in the world. Since these markets were unable to absorb Brazilian exports and the country needed the revenues of trade to keep its debt compromises, the exit chosen was try to recover space in traditional markets of the North (Western Europe and the United States). Instead of selling industrial products, Brazil once more focused on the exports of primary products (commodities).

These nations’ pressures, as well as the talks with the International Monetary Fund (IMF) and the loan banks were at the center of Brazil’s concerns in the 1980s, leading to a defensive stance. Whereas in the 1970s the prospects favored gains of power that may lead to a new position in the international balance of power, in the 1980s the goal was to, at least, sustain the nation’s previous position and avoid losing ground. This defensive position stretched from the financial to the trade arena (GATT’s Uruguay Round). Instead of putting forward demands in talks, Brazil started to block negotiations tried to avoid concessions in the industrial and services sector, since there was no reciprocity in the agricultural arena.

Mercosur’s birth is linked, in its origins, to a defensive strategy, focused on Brazil and Argentina’s perception that there were no further alternatives in the world scenario for helping solve their economic and political issues, including structural matters such as: inflation, external debt, slow economic growth, poverty and incomplete industrialization. Therefore, bilateral integration and regional alliances were seen as a way out in the long term. “The purpose of this modern integration intended to prepare an independent future, speed internal and sustained growth, promote economic modernization, the union of markets and to develop good relations and to make Latin America come together” (CERVO & BUENO, 2008, p. 453)

Setting the arrangement apart from the 1960s and 1970s realities, when Latin America integration was the focus, this initiative benefited from ALADI’s loose framework, which favored small agreements. Bilateral relations were seen at that time as a manner of

protecting both nations from the prospects of a world divided in blocs, in the aftermath of the end of the Cold War: the US, the Japanese and the European blocs, tended to deepen, in these nations' views, their status as peripheral nations, so they turned to one another. However, entering the 1990s, the realities of neoliberal policies would lessen the prospects of autonomous regional integration, turning to a tactic of alignment to US policies, in the Americas.

Economic crisis and the process of democratization allowed Brazil and Argentina to recognize their shared problems. The geopolitical context of the Falklands War helped to break the traditional political-military rivalry between the two countries. This led to the establishment of an integration program, beginning with a bilateral agenda. As mentioned, bilateral relations were already experiencing some level of interdependence, so the issue was to change its focus: from conflict to a common project of development that helped to consolidate democracy as well as to overcome the economic crisis. In the context of a changing international environment, integration was also seen as defensive strategy in a world seemed to be organized into blocs. Regional integration presented itself as a mechanism to reach out for economic globalization and to participate in this new era of the world economy in a more positive way, leading to national development. At this historic moment, and even more in the next period, integration was seen as an effective tool to grasp a world that was getting more economically interdependent and deeply asymmetrical. As mentioned by Milward e Sorensen, "Nation-states have a certain portfolio of policy objectives which they will try to realize in the face of economic and political internationalization. These policy objectives are almost entirely shaped by domestic political pressures and economic resources and will therefore vary from country to country and over time. In order to advance these objectives nation-states will attempt to use what international framework there is at hand. Many of these objectives can and will be pursued by expanding what we have here called the inherited framework of interdependence, traditional inter-governmental co-operation among states. However, as we argued, some fundamental objectives after 1945 could not be achieved through such a framework and were therefore advanced through integration" (MILWARD & SORENSEN, 1993, p. 21).

Thus, if Europe perceived integration as a necessary mechanism to achieve many States goals since the end of the Second World War, for Latin America this perception would only come after the end of the Cold War. Moreover, this perception would get stronger in the following decades. For Brazil, in

particular, there was a growing view of integration as a tool for both its economic development and international projection and the country tried to lead the process. Apart the differences between Fernando Henrique Cardoso government and Lula's one, one can indicate that after the neoliberal agenda of the 1990s reached a low point, there was a consensus being built in the country regarding integration as a priority in Brazilian foreign policy as will be discussed. Also, there is still an underlying question remaining: how to build a project of integration that also allows Brazil's neighbours to benefit from integration in order to reach their own national goals?

VII. NEOLIBERALISM AND THE END OF COLD WAR: A STEP BACK IN THE 1990S

As previously discussed, the beginning of Mercosur, was dependent on the changing prospects of Brazil-Argentina's relations and their perception of weakness and lack of other world alliances. Although Brazil was trying to preserve its universal foreign policy, the worldwide conditions and domestic problems made it difficult to achieve significant gains. Therefore, the country started to look closely to its own region. However, in the early 1990s, bilateral relations evolution into Mercosur, bringing Paraguay and Uruguay into the agreement resulted more from an attempt to align to US neoliberal and integration agenda such as the Enterprise for the Americas Initiative (EAI) than a project for regional development.

If the 1960s and 1970s were characterized by a foreign policy open to the world, in the 1990s, Brazil's International relations suffered a setback in their South-South focus. After the end of the Cold War, added to the economic and political difficulties internally, this previous strategy and the import substitution goal was seen as prejudicial to national interests. Accordingly to this view, Brazil isolated itself from its main partners, and lost ground compared to the First World. Therefore, it was necessary to change these policies searching for a more "responsible" integration in the main stream of world affairs, represented by the idea of a unipolar balance, focused on the US as the only remaining superpower. For Brazil, this meant not only the abandonment of priorities in the South-South axis, but also a revival of alignment with this nation (PECEQUILLO, 2008; 2012).

For instance, the Washington Consensus was vastly implemented by the first civilian government elected after the Military Regime (1964/1985), represented by Fernando Collor de Mello (1990/1992). For Collor de Mello in Brazil and Carlos Menem in Argentina (1989/1999) the acceleration of the bilateral integration was seen as strategic tool for both nations to show

the US that their goals of economic liberalization and modernization were strong. Paraguay and Uruguay supported the project since it would mean not only integration with the Brazil-Argentina in the Southern Cone, but also prospects of a good relation with the US. Mercosur, in this sense, was seen as tool for economic subordinate development to the US. Also, the agreement was a proof of good will towards the North American unipolar system, supporting its actions in the region, in the world and in multilateral talks, in particular at the end of the Uruguay Round of GATT in which these nations gave several benefits to the North. (VIZENTINI, 2008).

Therefore, there was not a dilemma for Brazil at this time between power projection or cooperation. Collor's low profile agenda envisioned a subordinate role for Brazil in international affairs. South American integration was perceived as part of the globalization and interdependence trends of the world scenario and not as a venue either for development or for autonomy. As Guimarães points out summing up these trends, "neo-liberal thinking, associated to the Washington Consensus and driven by the policies of developed countries in international negotiations and organizations and in their bilateral relations with Latin American states, would reflect, as a result of these external pressures and even for conviction of ruling elites, in domestic economical and social policies, of the four states of Mercosur. Despite the obvious differences between the situations in which states and societies were at that time and the degree of radicalism with which they were implemented, these policies had as a main goal reducing the state to its minimum, through privatization, deregulation and openness to foreign goods and capital programs, often adopted unilaterally, without negotiations, as 'voluntary contribution' to the progress of globalization" (GUIMARÃES, 2012, p. 13).

These efforts to lessen Mercosur autonomous content were balanced by Brazil's Ministry of External Relations (MRE) actions that tried to sustain the original goal of the arrangement. These tactics allowed Mercosur to sustain some political links with its independent stance, which was deepened after Collor de Mello was impeached due to corruption accusations in 1992. When Itamar Franco (1992/1994), the Vice-President took power, the main priority of Brazilian foreign policy was redefined, focusing on Mercosur, instead of the realignment with the US. Franco's agenda also attempt to regain the Third World view of Brazil's International Relations, and alternative South-South partnerships.

In addition, the idea of a South American Free Trade Area (SAFTA) that in the next decade would

become the basin of Brazil's regional agenda was first put forward. SAFTA, however, was unable to sustain its momentum (as well as the idea of MERCONORTE, a proposal for integrating the North of Brazil with the North of South America). Franco also argued in favor of Brazil's permanent seat at the United Nations Security Council (UNSC) and for more fair and equal trade talks at GATT. As SAFTA, these demands went no further, but begin to represent a more political active stance that would emerge in Luis Inácio Lula da Silva government (2003/2010).

Two reasons can be pointed to explain why Franco was unable to sustain these autonomous actions and the recovery of alignment that would, once again, follow in Fernando Henrique Cardoso's administration (1995/2002): the ongoing economic crisis that heightened Brazil's vulnerability and US pressures towards the region that led to the creation of NAFTA and the launch of the Free Trade Area of the Americas (FTAA) in December 1994. The FTAA recovered the principles of the failed EAI, mainly the built of a hemispheric free trade area, and was used to attract once more the governments in the region to the US sphere of influence. FTAA talks were scheduled to end in 2005, for instance. Once more, the US idea was to divide the region. For the nations in South America, the FTAA seemed as a new chance to acquire more benefits from the US to help their economic development such as aid, investments and technology.

None came true The US offered no substantial benefits for these countries that, due to their own crisis had to search for local alternatives. Nevertheless, for regional elites that embraced alignment and neoliberalism North-South cooperation was the answer. Only the deep crisis of the end of the 1990s changed their pattern of action, but, nonetheless, not totally their perception as will be discussed, represented by the ongoing polarization of left and right wing trends in these nations' politics and electoral process.

Although Brazil was not one affected by this neoliberal crisis as deep as Argentina, Venezuela, Bolivia and Equator, it suffered some severe instability that even put Mercosur at risk. Even though FHC's government was able to lessen Brazil's vulnerability due to the success of the stabilization Plan (*Plano Real*) implemented by the own Cardoso as Franco's Finance Minister (beforehand he was ahead of MRE and the replaced by Celso Amorim), the lack of adjustments in exchange rates, slow growth and unemployment took their toll. In 1997/1999, Brazil and other nations were hit by the world crisis and were forced to devalue their coins and search for

alternative means to develop. Brazil's Real devaluation led Argentina and Mercosur to one of their worst crisis since its launch in 1991 and the arrangement was questioned in its survival. Also, it should be reminded that this devaluation came only after FHC's reelection in 1998. The crisis, nonetheless, would characterize his second term and the adjustment, once more, of Brazilian foreign policy towards autonomy and regional integration process from 2000 onwards.

Changes in the international system in the beginning of the 1990s, added to the ongoing transformation of political economy since the 1970s and the domestic crisis, generated a favorable consensus that led Latin America States to adopt the neoliberal policies proposed by the Washington Consensus. In general, it can be pointed out that, "the 'triumph' of neoclassical economic policy in the developing world can help to enhance the global governance of world economy in countries and regions that were so far excluded from laying an active role in this economy. A minimum level of liberal economic policies and interests can, also, be regarded as a pre-requisite to shape an international liberal economy" (BIERSTEKER, 2000, p. 179).

In the region, the idea was expressed in the renewal of the integration process. These projects would be used to justify the implementation of an agenda of reforms to strengthen economic interdependence with major economies. Regional institutions were seen as a starting point for the creation of an institutionalized standard that blocked or increased the costs of getting back to the past. Therefore, regional integration is viewed as a supporting agenda for new national goals that were brought into place by neoliberal reforms. Even though this situation did not prevail in rhetoric, integration, in particular in South America, was barely seen as a tool for protection against globalization in which interdependence is mainly asymmetrical. This path of integration will follow in the next round, and Brazil would make strong use of it to achieve its national goals.

VIII. THE REVIVAL OF THE SOUTH AMERICAN SPACE: GEOPOLITICS AND GEOECONOMICS (2000/2012)

The analysis of Brazilian foreign policy in FHC's government shows two different patterns of action: one of alignment from 1995/1999 and a second of attempts to recover space in 2000/2002, in which regional integration in South America played a relevant role, added to the concept of "asymmetric globalization". From 1995/1999, the focus was centered in North-South relations. These relations were mainly directed to improve Brazil's stance in multilateral

organizations such the UNSC and to achieve more access to Northern markets, in particular in the agricultural field. The tactics applied were related to a pragmatic alignment to the US and the rules of the international system, proving that Brazil was a reliable partner globally. The idea was to obtain "autonomy through integration", abiding to regimes and the North rhetoric of modernization and the belonging to the First World.

At the regional level, this alignment, however, was not complete, since Brazil and the US disagreed in the FTAA talks regarding the opening of markets and the preservation of previous integration efforts such as Mercosur. Brazil defended the preservation of Mercosur (building blocs), whereas the US preferred the dissolution of pre-existing arrangements. Nevertheless, Brazil and its Mercosur partners avoided difficult decisions about the deepening of the bloc, with discussions regarding common policies and projects of development that may lead to a more solid framework and political identity.

For the US, even though Brazil was politically and economically still defending neoliberal ideas, its stance regarding the FTAA was viewed as a problem. However, the turning point for FHC's foreign policy was related to the mentioned 1997/1999 neoliberal crisis that hit Latin America, and the world, hard. FHC's responses were twofold: the rhetoric of asymmetric globalization and the investment in regional integration projects in South America.

As Vizentini (2008) points out, FHC's reactions were more of a tactical nature than of a strategic one, trying to recover some bargaining space and economic clout. Whereas analyzing the rhetoric of asymmetric globalization this is clear: Brazil was not openly criticizing the former policies of the Washington Consensus or the dominant trends of the 1990s offering alternatives, but expressing its discontent with the unequal redistribution of the both benefits and burdens of globalization. The claim was that globalization should be adjusted in order to favor all nations and not only some of them, in particular the traditional centers of powers (SILVA, 2009). In a sense, Brazil's discomfort with globalization was much related to the lack of positive results brought by its policies of alignment in the 1990s envisioned to add more visibility, legitimacy and credibility to the country. In addition, as mentioned, there was an economic crisis pending in Latin America, leading to several social and political clashes in the most affected nations, and Brazil was pressed by its neighbors growing instability.

Faced by these constraints, FHC's government chose a leadership path, focusing in South America

as a means to try to reignite local development. Brazil's goals were two-fold: stop the spread of crisis in the region and its negative effects on the country and restart its own economic agenda. In 2000, at the Brasilia Summit, FHC launched the IIRSA project (Initiative for the Integration of Regional Infrastructure in South America). The project recovered the principles of SAFTA and its priorities were to build a more interdependent South America, exploring its potentials in key strategic sectors such as energy, transports and communication. Brazil's own development bank-BNDES (Banco Nacional de Desenvolvimento Econômico)- would be one of the main agents of the process, showing a clear trend towards leadership in the regional space. IIRSA axis of development were very innovative and showed a different position of Brazil towards its neighbors, first in the economic arena and, in Lula's government, of political compromises (PECEQUILO, 2008).

Once he took power in 2003, Lula sustained IIRSA and invested, as part of the upgrade of Brazil's international relations towards a more active and affirmative presence in the world, in another project of South America integration in 2004: the Community of South American Nations, CASA, which means "home" in Portuguese. Stepping forward FHC's agenda, Lula invested in South-South relations and in establishing a more clear cut role for Brazil as an emerging power in the world. The already discussed principle of "non-indifference" presented by Ambassador Amorim was leading Brazil to a different exercise of power in the world, which had very significant impacts on its South American space. CASA was representative of these impacts since it put Brazil in a leadership position in the region, mostly with a political content and economic burdens attached to it.

In addition, this more autonomous foreign policy agenda was part of the process of the rebirth of the left in the region, led by Lula himself and President Hugo Chávez of Venezuela, which also proposed a project for South America Integration, the Bolivarian Alternative for the Americas (ALBA). It should be mentioned that this rebirth of the left was closely linked to the neoliberal crisis of the 1990s and the US power vacuum in the hemisphere after its initial offensive in the 1990s (CARMO & PECEQUILO, 2012). Therefore, not only Brazil's leadership grew, but also other alternatives of foreign relations in the region for all nations involved. So, "in this way, it's observed the return of South America in a diplomatic leading role and the integration process, with an [...] affirmation of internal agendas of economic and social development. The current South American diplomatic performance not only refers to the regional plan, but a performance

focuses worldwide (VIZENTINI, 2012, p. 27).

In 2007, CASA evolved into the Union of South American Nations (UNASUR). UNASUR represented the maturing of Brazil's initiatives, but also of a stronger compromise of South American countries with their own space. Although proposals such as the creation of a joint central bank in the region fell short (Bank of the South) due to the region's still present economic vulnerabilities, there was significant progress with the establishment of the South American Defense Council (CDS). Moreover, Brazil's projects were designed to strengthen the political clout of South America as whole in the world, as seen in the South American Arab Countries Summit (ASPA) and the South American African Countries Summit (ASA). Both Summits were a relevant progress in the projection of the region. Another initiative that should be mentioned is CELAC, also created by Brazil, the Community of Latin America and Caribbean Countries. Therefore, the geopolitical dimension of South America was viewed by Lula's administration as a priority for Brazil's international stance. As Teixeira points out, "by explicitly articulating the concept of a South America as a distinct regional subsystem, successive Brazilian administrations after the end of the Cold War were basically recuperating a recurrent theme of Brazil's foreign policy that was present since the early days of independence: the notion that in contrast to the rest of Latin America, where Brazil would seek not to get involved and would—sometimes tacitly, sometimes explicitly—recognize US preeminence, South America was understood by Brazilian policy makers as being a Brazilian sphere of influence where US interference should be kept at arm's length since it could easily overtake Brazil as the predominant player in the region" (TEIXEIRA, 2011, p. 204).

In addition, these new perceptions towards South America also represent Brazil's soft imperialism (and soft power) in the region, and an attempt to contain, at least politically due to the ongoing economic limitations of the majority of the region's nations, China's advance in search for markets and export commodities, and US hegemonic shadow in the hemisphere. Therefore, Brazil was exercising both of them in South America, power projection and cooperation, trying to surpass its traditional difficulties in leading. Clearly, Lula's integration projects in South America had a comprehensive agenda of exercising influence, growing more responsibilities as a leader than ever before, in the political and economic arena.

Added to this, the recognition of Brazil's efforts in

the region and in the world, together with South-South cooperation with emerging nations and alliances of variable design such as the BRICS were showing a different pattern of Brazil's presence. The nation's benefited from economic stability and a social agenda that was also part of its foreign policy priorities. Projects such as the fight against hunger, free medical drugs for low-income population were also part of this soft power.

Changing a nation's foreign policy in regards to principles and practices is a path full of obstacles and part of the internal debate still openly questions the idea of Brazil projecting power. Even cooperation in the South-South axis is confronted by some parts of Brazilian society that would prefer to get back to the low profile agenda of the 1990s. For instance, global actions and South American integration projects are still being questioned politically and economically. In Dilma's Rousseff term, started in 2011, these questions once more are present. Moreover, it is not just a matter of tactical or strategic approaches towards Brazil's role in the region or the world, but a matter of perceptions regarding South America's relevance for Brazil, US-Brazil bilateral relations, Brazil's world role and its own national identity.

Since the beginning of Lula's government until the present, it is clear the efforts of the Brazilian government to increase trade relations with its neighbors, support the internationalization of Brazilian enterprises in the region and the role of BNDES to achieve these goals. However, it is difficult to argue that there was a cut down on Brazil's neighbors uneasiness. If we consider Milward's position, Brazil has been able to identify the advantages of integration over interdependence to reach its economic purposes. However, the other countries in the region still have some doubts regarding the gains that they can obtain from integration with Brazil.

In this sense, it is interesting to remember the remarks that Minister Celso Amorim made to Colombia's Trade Minister, Jorge Humberto Botero, and President Lula's remarks to Colombia's President Álvaro Uribe that they have "difficulties in understanding that the Colombian industrial sector feared Brazil's industrial enterprises so much, but did not fear the US" (AMORIM, 2011, p. 23). Part of the answer certainly relies on the fact that countries in the region consider that they can obtain gains with free trade agreements with the US and China, but do not view Brazil the same way. So, the question "how can deepening relations with Brazil benefit the achievement of national goals?" is more difficult to answer.

Part of the South American countries difficulty in

answering this question comes from Brazilian foreign policy itself. Although Brazil option to reach its economic goals through integration is clear, it is not so clear that the nation is willing to be responsible for the burdens of the leadership for the process of regional integration, which would guarantee benefits for neighboring countries. Since there is no certainty on how an integration with Brazil can contribute in achieving national purposes, South America is still fighting over interdependence and integration. This can be noticed even in Minister Amorim's speech, "if you say integration, you mean South America, or more likely, Mercosur. If you say political coordination, it can mean South America and CELAC. And, if you mean judicial and political decisions, so far, it is still the OAS in most part of the cases" (*idem*, p. 408).

The speech reveals the problem in balancing the two levels of economic and political integration that are present in the agenda, Mercosur and South America. Although Brazilian foreign policy vital space is South America, the country has not been able to put forward a common economic project for the region. At the same time, Mercosur is still trapped in short term trade conflicts with Argentina, which hinders its prospects of dealing with more long term issues and lead to the consolidation of the bloc, as well as its enlargement. Therefore, it continues to strengthen debates in Argentina, Uruguay and Paraguay regarding how the process of integration with Brazil is helping national development. Most of the times, the answers do not favor Brazil, weakening the integration process and blocking its advances.

IX. CONCLUSIONS

Whereas in Europe capitalist development created the conditions for the integration process since it built an economic space characterized by productive chains, in Latin America integration was presented as a solution to overcome what this same capitalist system was unable to provide: the configuration of a single economic space as in Europe, characterized by production complementarity among different regions and countries. Since its beginning, capitalist development in Latin America promoted the outsourcing of national economies: the links established by the dynamics center of these economies were mostly with capitalist centers in the North. Therefore, if even inside the countries the links between different regions were weak, the regional situation was even worse.

In order to reorganize their economies and better project their power internationally, regional states promoted, on one hand, industrial policies of development since the end of the Second World War,

which should lead to the unity and homogeneity of national markets. On the other hand, pressured by the limitations of these national policies of development, these states tried to implement processes of regional integration. The unity of Latin American markets should represent the overcome of structural constraints to development, as identified by ECLAC.

Even with ALALC significant goals, integration fell short, and remained only as a political purpose, without direct impacts in ongoing regional development projects. Although countries shared the idea of Latin American cooperation, and understood its role as a mechanism for development, they were unable to build a consensus. For Brazil, in particular, bilateral relations seemed to be a more effective tool for the enlargement of its markets rather than regional multilateral forums. And, within the framework of the nation's bilateral relations, the new African independent countries emerged as more promising markets than Latin American neighbors.

The crisis of development policies and the exhaustion of indebtedness raised more obstacles to the process of integration and led the countries to adopt a more pragmatic institutional framework, ALADI. The possibility of creating several subregional agreements made the strategy of the countries of the Andean Pact legitimate and created new opportunities for integration to be viewed as more instrumental and specific national policy. Brazil and Argentina made good use of this opportunity when trying to regain their projects of development.

However, in the 1980s, their low international projection led the project to failure. The following changes in international politics soon redirected the process of integration. It should be mentioned that the project proposed by both in the 1980s not only intended to copy the process of integration as in Western Europe, but also to built cooperation as a means to overcome regional rivalries in order to create an axis for Latin American integration in the future. More than ever, at this juncture, integration was also envisioned to signal that Brazil and Argentina were abandoning their hegemonic projects in the Southern Cone. Integration, also, spilled over to areas such as nuclear cooperation, in order to end any suspicions regarding past trajectories.

Soon after, the end of the Cold War brought additional changes in the world scenario and the proposal of structural adjustment, in particular the Washington Consensus, at that time led to an adjustment in the ongoing integration process. Then, the idea of recovering projects of development that prevailed in the Brazil-Argentina bilateral agenda of

the 1980s is abandoned when reaching Mercosur. The alignment with neoliberal policies represented an option of further deepening the interdependence of the countries in the region with the center of capitalism: dependence is accepted as a given as a means of international projection.

In this context, regional integration as a whole, and Mercosur in particular, are understood as facilitators in the process of adjusting national policies to the world economy agenda. ECLAC's concept of "open regionalism" intended to deal with this reality. Integration is perceived as a mechanism to generate mutual support in order to keep each nation playing the new rules of the game.

On the contrary, as a product of the imbalances generated by exchange rates economic policy, Mercosur's trade flow grew significantly. Argentina became one of Brazil's main trade partners and vice-versa. However, proposals to enlarge South America integration were unable to success and Brazil had several difficulties in making use of the regional mechanism as a means to project global power. In fact, Brazil and Argentina have different perceptions regarding their pattern of bilateral relations with the US and this hinders bolder attempts to implement an autonomous integration project. At one point, Mercosur joint talks with the US (4+1) regarding the FTAA in order to present alternatives to the American proposal may have been the peak of the political coordination reached by the bloc.

As discussed, the disappointment with the process of world interdependence and globalization led FHC in his second term to seek a rapprochement with South America became Brazil's preferential space after Mexico became a part of NAFTA. In this context, IIRSA proposal emerged as a means to create the structural conditions for the process integration. The idea was to strengthen the weak economic links of South America through the development of infrastructure.

Lula's government deepened the South America option. Mercosur's renewal with the creation of new institutions and of UNASUR represented Brazil's compromise with South America as the basin for the strengthened its international projection. At the same, the recovery of the Brazilian economy led neighboring nations to change their perceptions regarding the country, seeing it as a possible option to favor their national development. At last, these trends seem to indicate that regional integration can be understood as a means to achieve national goals for South American countries and for Brazil.

The current analysis showed that the process of Latin American integration can be understood, within certain limits, from Milward and Sorensen (1993) perspective, which links States' option towards integration or interdependence to their national goals. States chose integration only when they evaluate that they cannot gain similar benefits through interdependence. As discussed, in this picture of favoring integration was clear for Europe after 1945, in Latin America and South America in particular, the situation is not so clear cut. From the 1960s to the 1980s, when the integration rhetoric was incorporated by governments, results were few. Afterwards, in the 1990s, with the regional spread of neoliberal policies, integration either in NAFTA or Mercosur emerged as tools to justify the adoption of structural. Regional integration turned into a mechanism to enhance global interdependence.

Even though it was not at the center of debate, the idea that regional integration could help to lessen the negative effects of the globalization process, remained in Brazil's diplomatic agenda and among some policy makers and was recovered during FHC's second term and, mostly, in Lula's government. South American

integration gained weight as a means for increasing Brazil's development and global presence as argued. Being strong in its region, allows Brazil to reduce globalization negative impacts and to politically demand the update of international institutions. However, if this is a reasonably clear priority for Brazil, it still lacks a more concrete proposal to attract South American neighbors for integration as pointed out. This is the main challenge that presents itself for Brazil in order to reinforce its role as leader of a common political and economic project for the region. Considering the disbelief that is linked to neoliberal policies, the challenge is even pressing Mercosur. Brazil, in this sense, tried to fight this with the creation of Mercosur's Parliament and Mercosur Structural Convergence Fund (FOCEM). South America's choice for an integration with Brazil, therefore, would only be possible from the moment that these neighbors have some guarantees that this relation would also bring benefits to them in achieving their own national purposes. So, this is a most relevant reality that Brazil must take into account, if it is willing to present itself as an option to these nations interdependence with the US and China or to prevent the emergence of alternative proposals of integration that exclude it.

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ABSTRACTS

REGIONAL INTEGRATION AND BRAZILIAN FOREIGN POLICY: STRATEGIES IN THE SOUTH AMERICAN SPACE.

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The aim of the article is to present, based on theoretical studies of integration, the evolution of this process in Latin America and, most recently, in South America. Based on these studies, the goal is to analyze the role played by Brazil in the process, which defines as priorities of its foreign policy a regional and global framework for its international action that is based on both cooperation and power projection. The research has been conducted based on theories of integration, an historical background on Latin American integration and in Brazilian foreign policy, through its contemporary agenda. The answer was based on a comparative agenda and in a bibliographical critical analysis of the research material. The main findings of the paper point out that Latin American integration has specific features linked to the economic, political and strategic realities of the continent that show the limitations of some theories applied to the European process, also that it depends on Brazilian foreign policy actions, that still sees the region as instrumental to its interests. So, Brazil sometimes fail to fulfill some requisites of integration that are essential to sustain its projects. Therefore, there is a cycle of enlargement and deepening of regional integration process in this political space that point out to the need of a more sustained compromise of Brazilian foreign policy towards these projects. If Brazil continues not to sustain these projects, they will lose momentum and significance once more, increasing power asymmetries in the region.

KEYWORDS: *integration; south america; brazilian foreign policy; regional policies; development.*