

“Brazil’s rise, coupled with the diminished influence of the United States and the increasingly salient global role of China, has reshuffled the kaleidoscope of regional organizations. . . .”

## The Shifting Landscape of Latin American Regionalism

MICHAEL SHIFTER

**C**elso Amorim is understandably proud of his eight-year tenure as foreign minister during Brazil’s notable ascent in regional and global arenas. Amorim, who managed foreign policy under the two highly successful administrations of Luis Inácio Lula da Silva (and currently serves as defense minister for Lula’s successor, Dilma Rousseff), points less to any specific accomplishments than to Brazil’s growing self-confidence and prominence in global affairs. He credits the boost to the Lula government’s ability to ride a favorable wave derived largely from the country’s economic dynamism, social progress, and democratic advance in recent years.

### Reckoning with Regions

*Fourth in a series*

Brazil’s rise, coupled with the diminished influence of the United States and the increasingly salient global role of China, has reshuffled the kaleidoscope of regional organizations in the Americas. The Organization of American States (OAS), established in 1948 in Bogotá, Colombia, is the world’s oldest regional organization. Yet for a number of years it has been buffeted by profound political changes that have upset the traditional, more clear-cut asymmetrical power axis between the United States and Latin American and Caribbean nations.

Today new and competing asymmetries, shifting fault lines, and emerging counterweights in flux throughout the Americas are manifest in a dizzying array of regional groupings. Some of these groupings bear an ideological stripe, such as the leftist Latin American Bolivarian Alternative (ALBA) that Venezuela started in 2004. Most,

however, are products of divergent national interests and strategic priorities and as such reflect economic agendas and geographical positions. These include the 12-member Union of South American Nations (UNASUR), created by Brazil in 2008.

It is tempting to be skeptical about the proliferation of these crosscutting and often overlapping mechanisms. So far, most have developed little institutional solidity and have even produced a measure of fatigue among regional leaders. It is hard to know whether they will be able to sustain and strengthen their efforts, or will, with time, simply fade into the background.

Even so, it would be a mistake to ignore or dismiss the rich institutional experimentation under way and the new regional architecture that is taking shape. At the least, this changing architecture offers an optic through which to view and fathom the region’s political dynamics and the impact of global trends in the hemisphere. It also illuminates the changing expressions of regionalism—a serious current that enjoys a long and enduring history in the Americas.

### MEMBERS ONLY

The founding of the Community of Latin American and Caribbean Nations, or CELAC, in Caracas, Venezuela, in December 2011, revealed how much the region’s politics has changed in recent years. However vague its purposes and weak its institutional underpinnings, CELAC, which pointedly excludes the United States and Canada, encompasses all of the other countries of the Americas, including Cuba. It exemplifies the accelerated political distancing and increased independence of the region, especially from the United States. Tellingly, the December meeting was barely noticed by an otherwise preoccupied Washington.

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Perhaps it was inevitable that the CELAC launching in Caracas would be widely portrayed as yet another diplomatic coup for Venezuela's president, Hugo Chávez, who has been doggedly intent on curtailing the influence of the United States in regional and global affairs since he came to power in early 1999. Not surprisingly, Chávez, whose health has been the source of much speculation since he was diagnosed with cancer in June 2011, touted the gathering as a triumphant fulfillment of the dream of regional solidarity and integration espoused by South America's independence hero—and Chávez's inspiration—Simón Bolívar nearly 200 years ago.

But Chávez's penchant for hyperbole and flair for symbolism aside, the formation of CELAC should not be interpreted as an expression of anti-Americanism or even a political move to supplant the OAS. Rather, it should be understood as an attempt to narrow political chasms and reconcile disparate actors within the region itself. The history behind the creation of CELAC in part highlights the contrasting visions and competing aims displayed by the region's two principal economic and political powerhouses: Brazil and Mexico. Indeed, one of the most significant strategic fault lines in the Americas lies between South America and North America, which extends above Panama and includes Mexico as well as the United States and Canada.

In a number of fundamental respects—economically, demographically, and culturally—Mexico, along with the nations of Central America, is closely connected with the United States. Along these dimensions the links are, if anything, deepening. Geography, of course, also matters a great deal. More than 80 percent of Mexico's trade is with the United States. In 1993, the signing of the North American Free Trade Agreement (NAFTA) that encompassed Mexico, the United States, and Canada, helped cement commercial bonds among the three partners. And in 2005, the Central American Free Trade Agreement (or CAFTA, which also included the Dominican Republic) was adopted, reducing tariffs and helping to facilitate trade flows with the United States. Mexicans and Central Americans also constitute a disproportionate share of the dramatically increasing Latino population in the United States, thus intensifying cultural ties.

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At the same time, Mexico is quite clearly a Latin American nation in all key respects and is widely viewed as such by others. Its relations with the rest of the region have been integral to its foreign policy agenda—in part to balance the traditionally overwhelming clout exercised by the United States. Mexico, for example, helped found and played an important leadership role in the Rio Group. A bloc that emerged in the context of the Central American civil wars of the 1980s, the Rio Group sought to challenge hard-line US cold war policies and foster peace efforts. For Mexico it has also been important to have a presence in some South American regional groupings, typically led by Brazil. A prominent example is Mexico's special agreement with the Common Market of the South (Mercosur), a trading bloc established in 1991.

### **BRAZIL STEPS UP**

While Mexico has long been regarded as a Latin American nation, such an identity was historically more ambiguous for Brazil. The notion of "Latin America," which developed among Colombian and Argentine writers and French intellectuals in the mid-nineteenth century, had scant resonance in Brazil, which tended to be more inward-looking and separate—divided by history, culture, language, and politics from its continental neighbors.

For such a significant regional power and emerging global player—today it has the world's sixth largest economy—Brazil was notably delayed in promoting regional organizations in South America. Although Mercosur was set up in the early 1990s, it was not until 2000 that then-President Fernando Henrique Cardoso of Brazil convened the first meeting of South American leaders. But Brazil's sheer size and economic and political power made such a turn toward greater engagement with the region highly plausible.

Over the past dozen years Brazil's approach toward its neighbors has been substantially shaped by two connected objectives: the desire to keep things under control in its immediate sphere of influence, and its pursuit of global aspirations. One of Brazil's main priorities has been to secure a permanent seat on the United Nations Security Council. It was that aim—more than any regional goals—that led Brazil to play a leading role in the UN peacekeeping mission in Haiti starting in 2004.

The country has also sought a significant voice in other global arenas. It has actively participated in the World Trade Organization, and has been a serious, respected player in the Group of 20 in the context of the recent economic crisis.

Moreover, Brazil has emphasized alliances with other emerging powers more than with other Latin American countries. As one of the so-called BRICS (along with Russia, India, China, and South Africa), Brazil has strengthened relationships that are aimed at enhancing its leverage with traditional powers, particularly the United States. Brazil has for the most part preferred to deal with the United States bilaterally, and has been wary of any hemisphere-wide—and presumably US-led—arrangements, such as the Free Trade Area of the Americas (FTAA), a proposal that emerged from the first Summit of the Americas in Miami in 1994.

During the Lula era—and particularly its final years, when the country witnessed remarkable economic vitality and growing influence in global affairs—Brazil became increasingly active in social development efforts in Africa, and also tried its hand in Middle Eastern diplomacy. Its boldest move came in 2010 with a joint proposal developed with Turkey to deal with Iran's nuclear program. Brazil's accommodating approach differed sharply from Washington's more hard-line posture, reflecting mutual irritation that has been alleviated somewhat during the current Rousseff administration.

At the same time, Brazil has developed more expansive economic and political roles within the region. The Lula government devoted considerable attention to building the Union of South American Nations (UNASUR), which evolved from a fairly loose, amorphous grouping. Today UNASUR has a formally organized structure with a permanent secretariat that was initially headed by the former Argentine president Néstor Kirchner. Although other leaders responded to the Brazilian initiative with varying degrees of enthusiasm—Peruvian President Alan García showed little interest and Colombian President Álvaro Uribe was notably resistant—the exclusively South American organization appears to have taken hold.

Such a development hardly went unnoticed in Mexico, which coincidentally at that time was in charge of the Rio Group. Mexico's response was instructive. Until 2008, the Rio Group was made up of all Latin American nations—with the exception of Cuba. But at a meeting of foreign ministers, Mexico proposed that Cuba be admitted as a mem-

ber. Even though the establishment of democracy had been a condition for Rio Group membership from the outset, Mexico's proposal was adopted. (Cuba's presence has been a distinguishing feature of the Ibero-American Summit, which includes Spain and Portugal along with the rest of the region, since it began in 1991.) With Mexico's encouragement, the Rio Group then invited all of the Anglophone Caribbean nations to join as well.

Against that backdrop, in late 2008 the Lula government took advantage of an already scheduled UNASUR meeting to convene a "mega-summit" in Costa do Sauipe, Bahia. All regional governments embraced Brazil's initiative, albeit for different reasons. Mexico quickly offered to host the next such gathering of Latin American and Caribbean leaders, in Cancun, Mexico, in February 2010. It was there that the idea of CELAC was conceived, though it was essentially a renamed and more formalized Rio Group. (Regional organizations may be proliferating, but at least one, the Rio Group, has ceased to exist.)

Although Chávez and much of the media depicted the December 2011 CELAC meeting as a rejection of the United States and the realization of Bolívar's vision, it rather was a product of the rebalancing of political positions in the Americas. The series of steps that culminated in CELAC's founding can be attributed more to the dynamics in Latin American relations—particularly between Brazil and Mexico—than to any regional stance toward the United States.

Yet, unless a regional leader decides to give it a high priority and more structure, it is doubtful that CELAC will be transformed into a formal institution. There will be periodic meetings of heads of state—the next ones are scheduled to take place in Chile, followed by Cuba—but without a secretariat or any political decisions with teeth. Mexico is content to be part of the grouping, which reconnects it to South American political affairs, but at the same time enables it to focus on its NAFTA partners. Brazil's priority in the Americas is clearly centered on UNASUR, which is seen as an instrument for maintaining social peace and order in the wider region.

## AMBIVALENT NEIGHBORS

UNASUR proponents point to such political achievements as its role in helping to defuse tensions that flared between Colombia and Venezuela in 2008, along with responses to internal political crises in Bolivia (2008) and Ecuador (2010). Nev-

ertheless, some observers are still dubious about the organization's efficacy. UNASUR's interventions in both national situations backed the current government, so its potential role in settling domestic disputes remains untested. There are, moreover, questions about the group's financing and its ability to establish an adequate organizational infrastructure.

After Néstor Kirchner's death, UNASUR members decided on a rotating executive secretary—first with former Colombian foreign minister María Emma Mejía, followed by Venezuela's former foreign minister Ali Rodríguez (who will assume the position in May 2012). Some projects are under way aimed at upgrading infrastructure and communications in the continent; such projects are commensurate with Brazil's regional and global interests. In addition, the affiliated South American Defense Council seems prepared to perform a valuable function in amassing information and sharing policy ideas about security-related questions in the continent. These kinds of efforts may end up being more feasible and realistic than a genuine scheme of political integration, which remains problematic.

Indeed, relations between Brazil and its South American neighbors are complicated. To be sure, other South American nations have benefited from Brazil's role as an engine of economic growth and development. Within the continent, trade and investment flows have grown dramatically (in the context of a surge in overall trade), and Brazil has been an important driving force.

But it is not hard to discern spreading resentment among some of Brazil's South American neighbors—a natural product of increasingly marked power asymmetries in the continent. As *The New York Times* noted in a November 2011 report, some of the misgivings voiced by Brazil's neighbors have echoes of longstanding grievances leveled at the United States, including heavy-handed tactics, and dictating rather than negotiating as equal partners.

Other common complaints include Brazil's failure to consult adequately with its neighbors before it takes stands at global meetings. Also, other South American nations tend to identify more closely with "Latin America" than Brazil does, and are therefore uneasy with what they view as Brazilians' focus on South America at times to the exclusion of the rest of the region, including Spanish-speaking Mexico.

Brazil, acutely aware of such sentiments, seeks to mollify its neighbors' concerns, often resorting to multilateral instruments. Regional mechanisms like UNASUR are in part designed to smooth the rough edges that inevitably accompany the differentials in power on many crucial dimensions between Brazil and its neighbors. Despite its dominant role, however, Brazil has no discernible agenda for regional governance. And it is probably a stretch to refer to what is taking place as "integration" in any strict sense of the term. Rather, there is a move toward increased cooperation and political dialogue, which constitute the spirit and tenor of "regionalism," but without any serious attempt to cede sovereignty, which is the essence of integration.

In fact, careful examination of the performance and record of subregional groupings to date raises questions about the potential effectiveness of more far-reaching regional arrangements. Mercosur, which was to serve as a customs union involving Brazil, Argentina, Uruguay, and Paraguay, witnessed a jump in trade in the 1990s, but over time its functioning has become problematic.

Protectionist practices have introduced considerable strain within the bloc.

In addition, Mercosur's inability to resolve a rancorous dispute between Argentina and Uruguay over the operation of a paper mill on their border exposed serious limitations in its effectiveness. Yet, for all of its shortcomings, Mercosur is generally regarded as less troubled than other subregional groupings in Latin America. For example, the Andean Community of Nations, which has existed since 1969, has been riven by political differences and high levels of mistrust. Other subregional arrangements face similar obstacles.

In this context, some Latin American countries have intensified bilateral ties with economic powerhouses like Brazil—but have simultaneously pursued options to offset any one nation's excessive influence. The case of Colombia is particularly telling. From the start of his presidency in August 2010, Juan Manuel Santos has assigned a high priority to reengaging with South America, from which Colombia had become relatively isolated during the Uribe administration. Uribe had concentrated on his country's battle against domestic insurgents and had, as a result, invested heavily in cultivating Washington to ensure continued support.

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In seeking to rebalance and realign Colombia's foreign relations, Santos has not only reduced previously high tensions with Venezuela and Ecuador; he has also deepened economic and political ties with Brazil and has sought to play a more active role in regional affairs. For the time being, Mejía, Colombia's former foreign minister, heads UNASUR. And Colombia has happily joined and participates in CELAC.

At the same time, however, Colombia is carefully crafting its foreign policy to cultivate an alternative to Brazilian influence and to enhance its own bargaining position on the global stage. In 2011, Colombia, together with Mexico, Peru, and Chile, forged Latin America's Pacific Alliance, an incipient and potentially vital bloc that seeks to promote economic integration and free trade. For Colombia, increased commerce and investment with China in particular, but also the rest of Asia, is especially important.

The Pacific focus is also an effective way to sustain Colombia's alliance with the United States, which regards the Pacific Alliance as highly promising. The US-Colombia free trade agreement, finally approved in 2011, is entirely consistent with Colombia's sophisticated, multifaceted strategy.

### THE ANTI-EMPIRE CLUB

As a clear measure of how swiftly the region's institutional landscape has been transformed, just a few years ago there were signs that ALBA, a notably more defiant bloc of countries, had considerable momentum. ALBA, launched in 2004, was conceived, and has been mainly financed, by Chávez. It sought to offer a radical alternative to the US-backed FTAA and to promote solidarity among a coalition of nations that stand up to Washington. Venezuela is the unmistakable leader; other members include Cuba, Nicaragua, Bolivia, Ecuador, and several Caribbean nations. Honduras was also an ALBA member before that country's June 2009 military coup, but has since withdrawn from the bloc.

ALBA may have reached its zenith at a Summit of the Americas gathering in Mar del Plata, Argentina, in 2005, where an acrimonious atmosphere prevailed. That US president George W. Bush was so disliked in the region, and the Iraq War was so universally opposed, only helped fuel the Chávez-led coalition. The organization seemed poised to ex-

pand in a region that offered fertile ground for more leftist recipes to social and economic problems.

But ALBA began losing much of its energy, chiefly because of mounting problems in Venezuela, but also in other ALBA member states (for example, Bolivia). After 13 years in office, Chávez began to confront more serious challenges, including a very bad economy, a sharply deteriorating security situation, and, finally, the cancer diagnosis. Such weaknesses have significantly undercut his ability to play a more energetic regional role. They have also made it even more difficult to undertake some of Chávez's more grandiose schemes, such as the Bank of the South, a proposed alternative to traditional multilateral lending institutions. At the same time, Brazil's rise—under Lula and now, especially, Rousseff—has mitigated Chávez's more disruptive impact, as has Colombia's rapprochement with Venezuela. In 2009 Chávez lost his favorite foil in George Bush, and in 2010, Uribe, his other main antagonist.

Although Chávez hosted the December 2011 CELAC meeting, it was striking that his proposal to replace the OAS got little traction and in the end was roundly rejected. A fiery speech by Ecuadorian President Rafael Correa attacking the OAS and, especially, its work on press freedom and human rights issues elicited virtually no support among other CELAC participants. As Santos noted, "CELAC isn't being born to be against anyone."

Still, though Chávez's regional projects seem moribund, he remains resourceful and, as the president of a major oil-producing nation, continues to have money to spend. His popular Petrocaribe scheme, which provides oil at preferential prices to some 19 member nations, is still a way Chávez can exercise "soft power." Even the current Honduran government, long the object of Chávez's wrath, is, for practical reasons, seeking to rejoin Petrocaribe.

### THE REGIONALISM TEST

From Washington's standpoint, the plethora of regional groupings in its so-called "backyard" poses a test. Although the United States often deals with countries in the region bilaterally, it is most familiar with the OAS and regards it as the main hemispheric political body. The OAS, however, has a mixed record, and has recently gone through

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a particularly rough period, during which it has been the center of much controversy. The OAS has been criticized from both sides of the political spectrum, and both in Washington and much of Latin America, for the way it has handled challenging political situations in Honduras, Nicaragua, Venezuela, Ecuador, and Haiti.

Meanwhile, more exclusively regional organizations focused on finance and development have become increasingly relevant. These present a challenge for more traditional institutions, such as the Inter-American Development Bank, where the United States remains influential. In the region, the CAF Development Bank of Latin America has expanded and become a significant player. In addition, the Brazilian Development Bank is rapidly extending its reach and range of operations in the region, chiefly to support foreign investments by Brazilian companies.

The expansion of access to private capital also has had key implications for the international financial institutions. China, now the principal trading partner of Brazil, Chile, and Peru (and the second in a number of other countries) is a major source of capital and finance throughout the region. In coming years it is unlikely that such tendencies will be reversed.

Nonetheless, though Washington faces a regional configuration that bears scant resemblance to the one it faced just a few years ago, opportunities for more productive relations are emerging. In some respects, the outlook is more favorable than it has been. The confrontational politics represented by Chávez is in sharp decline across the region. And some signs of pushback against Beijing's growing influence can be discerned, in part because China's economic relationships may be putting manufacturing sectors in the region at risk. (There is also growing concern, among some South American nations especially, about excessive dependence on trade in commodities.)

More significantly, recent developments make it clear that Brazil and Mexico—which account for

more than two-thirds of the region's population, territory, and economy—are interested in engaging more deeply with the United States, albeit on their own terms. For Washington, which claims a commitment to multilateralism, establishing better ties with both countries is crucial to any strategy of serious cooperation on issues ranging from security, trade, democracy, and the environment to energy, immigration, and human rights.

To its credit, Washington has not lamented its exclusion from CELAC and other regional groupings. But the United States could pursue more energetic approaches toward regional mechanisms in which it does take part. These include the Summit of the Americas, which involves all elected heads of state in the hemisphere (and will convene in Cartagena, Colombia, in April 2012), as well as the weakened OAS.

## **THE OAS ENDURES**

It is striking that, for all of the severe criticisms of the OAS and continuing threats from some governments to withdraw from the organization, it is unlikely to disappear any time soon. The OAS is still equipped to take on critical issues—including human rights, press freedom, and democracy—that other, newer multilateral mechanisms seem years away from being able to handle adequately. In these areas the OAS's normative frameworks, developed over time, are impressive. The inter-American human rights system, for instance, has an admirable record of shining a light on abuses committed during the period of authoritarian rule, including under Argentina's military junta.

The obstacles to greater effectiveness are fundamentally political. The OAS desperately needs modernization and thoroughgoing institutional reform. In the current regional context of redefinitions and realignments, the United States has an opportunity to marshal greater diplomatic resources and forge a more effective approach toward regional cooperation, one consonant with its own interests and rhetoric. ■