

Brazil's Rising Influence and Its Implications for Other Latin American Nations

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This paper reviews recent trends in Brazil's foreign and strategic policies, and explores their implications for its Latin American neighbors. It argues that much of what seems remarkable about Brazil's recent foreign policy under President Lula—its assertiveness at the global level, its ambivalence toward the United States, and its relative reluctance to engage itself in regional affairs—reflects debates and ambiguities about the national self-perception and strategic policy that Brazil has held since independence. The paper addresses the implications of Brazil's expanding regional influence on Argentina, Chile, Colombia, and Venezuela, and the prospects for these countries' foreign and strategic policies. It concludes with reflections about how these intra-regional political dynamics affect U.S. relations with the countries of South America.

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The analysis in this paper is based on over a dozen interviews conducted with experts on foreign policy and international relations in Brazil, Argentina, Chile, Colombia, and the United States during May and June 2010. It is not a formal deliverable; rather, it is a thought paper that surveys the issues at hand and the interests and perspectives of governments across the region—as reported to the

author—and provides analytic interpretation. The opinions expressed are the authors' own.

Brazil's emergence as a regional leader and global player

International pundits and analysts have only recently decided that Brazil qualifies as a rising global power,¹ but generations of Brazilians have assumed that it was destined to become one. Since its independence in 1889, Brazilians have shared with the United States a bedrock self-perception of uniqueness and destiny. Like the United States' notion of Manifest Destiny, Brazilians have imagined themselves distinct from their smaller neighbors and blessed with an abundance of land and resources to support a prosperous, industrial, and independent nation capable of global leadership and worthy of emulation. Brazil has only needed to develop its internal resources, and industrialize its economy; regional leadership and global influence would naturally follow.

The country's first national strategic plan was formulated and executed at the end of the 19th century by a professional diplomatic corps (known as "Itamaraty," for the colonial palace in Rio de Janeiro in which it operated), under the leadership of the Foreign Minister Baron Rio Branco. This policy centered on two goals:

- 1) Keeping the peace with its numerous South American neighbors, so that Brazil would never face a hostile coalition of neighbors and so it could develop its economy and industries in peace; and
- 2) Maintaining good relations with the great powers, especially the United States, and to keep the United States from interfering unduly in Brazil's regional sphere of influence, South America.

¹ One milestone was Goldman Sachs' inclusion of Brazil in 1994 within what it assessed to be the "BRIC" (i.e., Brazil, Russia, India, and China) group of growing economies that would become major global powers in the coming decades.

A century later, these two overarching strategic objectives continue to shape Brazil's strategic and foreign policies.²

In the early decades of the 20th century, Brazil and the United States enjoyed generally positive relations based on a common interest in regional stability, non-interference in hemispheric affairs on the part of Europe, and the promotion of open commerce. Brazil was a reliable interlocutor for the United States in the region. Unlike other Latin American nations, its leadership agreed with Washington regarding the occasional imperative for larger, powerful states to police the smaller, less stable states in their midst when their instability threatened regional trade and investment. The U.S.-Brazil relationship was termed "special" in both Rio de Janeiro and in Washington, and for a while it generally suited both nations' strategic interests.

These positive relations peaked during the Second World War, when Brazil was a key ally in anti-Nazi operations in the South Atlantic and provided essential resources, particularly rubber, for the allied war effort. For the Vargas government, this cooperation was not ideological.³ It was based largely on the benefits that U.S. wartime investments and projects brought to Brazil, and on promises of favorable trade and investment agreements in the post-war era. When the war ended, however, the Brazilian elites in government and the military who had relied on U.S. assurances were sorely disappointed when Washington focused instead on developmental assistance and financing for Europe and Japan, and

² This is based on a presentation by a senior official of the Brazilian Embassy in Washington, D.C., at a conference on Brazil's regional relations held at the Woodrow Wilson International Center for Scholars, on March 12, 2010.

³ Nor was it inevitable, given Vargas's personal interest in nationalist developmental models, such as those of Italy and Germany, and the heavy German presence in Brazil's economy, industries, and society at the time.

largely neglected Brazil and Latin America.⁴ The cost of this resentment for Washington was brought home when, in spite of U.S. insistence, Brazil refused to send troops to the Korean War.

Brazil's traditional strategic focus on internal development and industrialization went into hyperdrive during the Cold War, as Brazil's industrialists, politicians, and military leaders largely shared a vision of national development. Several factors contributed to this widely shared political orientation: (1) the rise of nationalism and pro-growth policies across the developing world, fueled by the rise of commodities prices; (2) the spread of the dependency theory, which argued that "periphery" states needed to break free from export-led development, and develop their internal markets; and (3) the tendency for Brazilian governments—both civilian and military-led—to favor technocratic, rational plans for national development (e.g., the building of a new central capital, Brasilia, from scratch, and the development of the Amazon region), which required major state industries for their implementation. By the 1970s, Brazil's elites largely agreed that the country's natural role in global affairs was not as a member of the closed set of U.S. and European powers, but as a leader of the developing world. Furthermore, although the United States was a strategic partner in terms of managing hemispheric affairs and had many interests aligned with Brazil's, it was, from this point of view, also a major potential obstacle to Brazil's full self-realization.

With this nationalist, developmentalist frame of mind, Brazil's political leadership and intelligentsia began in the late 1960s to chafe at the dominance of the United States. By this time, vestiges of the Brazil-U.S. "special relationship" were fading. Washington's foreign policy apparatus, which viewed the world exclusively

⁴ Brazilian elites, who heretofore had looked to the United States with fondness, were "traumatized" by Washington's failure to show sensitivity to Brazilian concerns in the post-World War II period. (This is according to a senior official of the Brazilian Embassy in Washington, D.C.) For an excellent discussion of relations in this period, see W. Michael Weis, *Cold Warriors & Coups D'Etat: Brazilian-American Relations, 1945-1964* (Albuquerque: University of New Mexico Press, 1993).

through the lens of Communist aggression, lumped Brazil together with its neighbors into an overall Latin American policy. While Brazil's military maintained cordial relations with its U.S. counterparts throughout much of this time,⁵ and Brasilia collaborated with Washington in various anti-Communist actions in the region, Brazilian strategists and leaders grew to accept gradually attenuating bilateral ties.

The worldwide spread of neo-Marxist, anti-imperialist theory and policy reforms during the late 1960s and 1970s captured many Brazilian elites and intellectuals. Brazil, flush with loans and investment, sought global influence as a leader of the developing world and was active in the Group of 77 and other efforts at South-South collaboration.⁶ Anti-Americanism came to a head during the 1970s when the Carter administration pressured Brazil's military government on human rights, and more importantly blocked the transfer of nuclear technology from West Germany. This interference in the country's industrial and technological development touched a deep nerve in Brazilian sensibilities and provided evidence to the nationalists of both right and left who viewed the United States as a self-interested rival, not a partner. Shortly afterwards, in 1977, Brazil broke off its long-standing Defense Cooperation Agreement with the United States. Brazilian-U.S. relations would remain cool, though not conflictive, until the 1990s.

Even as Brazil's economy grew in the late 1980s and 1990s, Brazilian aspirations to leadership in the hemisphere and in world affairs were hampered by fiscal imbalance and political instability. Brazilian producers struggled to compete in

⁵ This was largely due to the recollections of senior officers, who felt that the Brazilian armed forces had achieved their proudest victories as an ally of the United States in the Second World War. See Sonny B. Davis, *A Brotherhood of Arms: Brazil-United States Military Relations 1945-1977* (Boulder: University of Colorado Press, 1996).

⁶ The late 1960s and 1970s was a period of low interest rates and lavish private, and multinational, lending in support of infrastructure and industry projects across the developing world, fueled by the recycling of Middle Eastern countries' profits from oil sales. This collapsed in the early 1980s due to the rise in world interest rates, leading to Latin America's "lost decade" of economic stagnation. The Group of 77 still exists as a coalition of developing countries within the United Nations General Assembly, though its influence was greatest in the 1970s and 1980s.

foreign markets, and the country's long-term prospects were hindered by terrible income distribution and poverty, which made Brazil appear insensitive and bereft of the human capital necessary for sustained growth. This changed dramatically under the administration of Fernando Henrique Cardoso, from 1992 to 2000, when inflation was tamed, the economy was opened, and education and anti-poverty programs began to germinate.

Internationally, Brazil and Argentina set aside decades of rivalry and, along with Uruguay and Paraguay, created the Common Market of the South, called Mercosur, which aimed to replicate the European Union in the Southern Cone. Cardoso promised that the new, modern Brazil would become a leader in world affairs, promoting peace, racial harmony, and the defense of democratic governance. He made it clear that Brazil sought a permanent seat on the Security Council of the United Nations, and the stripping of the traditional big five nations of their veto power. When the charismatic union leader Ignacio Lula da Silva assumed the presidency in 2000, he continued Cardoso's economic policies and, in his early years, the same general foreign policy. Since 2004, as Brazil's economy has surged and huge oil reserves have been discovered off of its coast, Lula has elevated—and accelerated—the country's vision of world leadership.

Brazil's Global—and Regional—Foreign Policy at a Crossroads

As it has emerged on the global stage, Brazil has strived to establish mutually supportive strategies at the regional and global levels. Most importantly, Brazil desires a stable, peaceful, and economically vibrant South America so that Brasilia can focus its diplomatic efforts on establishing its role as a great power. However, the realization of this vision is complicated by several factors within the hemisphere:

- Significant ideological fractures within Latin America that make active leadership potentially treacherous for Brazil, whose traditional policy has been to maintain friendly relations with all ten of its neighbors
- Resistance to Brazilian leadership on the part of other Latin American countries, which believe that Brazil's policies reflect self-interest more than a commitment to collective security and development
- The weakness of international institutions in the Americas, which complicates regional coordination or leadership as diplomatic initiatives must be pursued country by country
- The pervasive, and in many ways dominant, influence of the United States.

Another complicating factor, just as important as these external conditions, is that Brazil's foreign policy elite remain locked in a debate over the nation's foreign policy strategy. There are three general groups within this debate.⁷ One, led in the public arena by former President Cardoso, envisions Brazil's future as a world power—a rule maker in the international system, whose influence would flow from its democratic values, its economic weight, and its productive cooperation with other great powers within the United Nations and other institutions. These “internationalists” would like to see Brazil participate with traditional allies in North America and Europe in creating an international community of democratic powers seeking peace, non-proliferation, and free-market-based development throughout the world.

The current government under President Lula includes the two other intellectual groups. One, the “leftists,” consists of ideologically minded former academics and special advisors who still adhere to ideas and strategies from the neo-Marxist Leftist movement of the 1960s and 1970s. These individuals—represented by the Director of the Ministry for Strategic Affairs Samuel Pinheiro and presidential

⁷ The following overview of Brazil's current foreign policy leaders and their perspectives is informed by interviews with Brazilian analysts conducted in the spring of 2009 and in Rio de Janeiro and in São Paulo in early June 2010.

advisor Marco Aurelio Garcia—tend to be strident anti-Americanists and believers in the logic of South-South collaboration. The final group, which we term the “realists,” can be considered as less ideological, more pragmatic, but equally nationalistic. These realists, represented by the current Foreign Minister Celso Amorim and concentrated within the diplomatic corps of Itamaraty, envision a Brazil active in world institutions and seeking peace and non-proliferation, but also enjoying autonomy by virtue of its strong relations with powers around the world, including China, Russia, and Iran. In their view, a multi-polar world where the influence of the United States is muted would offer Brazil greater freedom of action in pursuing its interests.⁸

One aspect of the debate among these groups centers on the issue of willingness to pay the costs of membership in the club of regional and global powers. Theorists of international relations emphasize that great powers achieve their status by co-opting other states into accepting, even endorsing, their power because they pay the costs of services that allow their allies to develop and prosper (e.g., U.S. global defense against the spread of Communism during the Cold War, U.S. Naval protections for global commerce, and U.S. and European funding and support for the United Nations and the World Trade Organization). Brazil’s internationalist camp argues in favor of policies and actions that are in league with the interests of the Western powers and the broader global community—for example, Brazil’s significant contributions to United Nations peacekeeping missions in East Timor and Haiti. The internationalists criticize policies that place Brazil at odds with its traditional allies, such as its recent attempted agreement with Iran and Turkey, or its awkward—and unsuccessful—intervention in Honduras in support of former President Manuel Zelaya. They feel that such policies lead only to isolation and reduced influence.

⁸ Freedom of action including, for example, the freedom to expand Brazil’s nuclear capacities if it should choose to do so. Brazil’s decision to sign the non-proliferation treaty in the late 1980s is still a matter of great controversy among Brazilian strategists. This sensitive debate is part of the context within which Brazil’s exceptional position on Iran’s nuclear program should be understood.

At the regional level, this internationalist group finds fault with Brazilian policies that protect national interests but weaken regional institutions such as Mercosur. Examples include Brazil's predatory taxation policies and its refusal to cooperate to create a Mercosur court for conflict mediation. It is also critical of the Lula administration's tendency to neglect the importance, both regionally and globally, of Brazil's performance in such areas as democracy and human rights. By attempting to befriend a broader set of states—including Cuba and Iran—Brazil runs the risk of tarnishing its image as an advocate of racial tolerance and liberal democracy. Furthermore, these internationalists question why Brazil should be intervening in complicated matters in the Middle East, while it refuses to mediate regional problems such as tensions between Colombia and Venezuela.

For their part, Brazilian realists question why Brazil should pay costs to fortify regional institutions that do little to help Brazil and do not have records of achieving much of substance in the region. They ask why Brazil should take on the risks of tying itself politically and economically to its many unstable neighbors, when it does not have to. In their view, regional peace and stability can be sustained through occasional, ad hoc management efforts and through bilateral dialogue and engagement.⁹ At the global level, both the realists and leftists question the sense of accepting the norms, rules, and costs of an international system created by the victors of the Second World War, when, clearly, new powers, including China, Russia, and India—along with Brazil—have the growing capacity to alter that system more to their benefit.

To the ideological left, this shift must include taking on the United States and denouncing its interventionist policies in the Middle East, Latin America, and elsewhere. The realists believe that Brazil should not adhere to an outdated policy that emphasizes closeness with the West—and especially the United States. Instead, it should seek to establish itself in a political space equidistant from the

⁹ This behavior—if not official policy—mirrors that of the United States toward Latin America: benign neglect punctuated by instances of ad hoc crisis management.

United States and the rising powers in East Asia.¹⁰ There is no need to pick fights with either side, and sometimes costs must be paid (e.g., Brazil's contribution to the UN mission in Haiti has expanded under Lula, and Brazil has been generous in the resolution of disputes involving Brazilian investments in Bolivia and Ecuador). But realists believe that, in the traditional Brazilian fashion, the country should seek a middle position of friendliness and collaboration with as many partners as possible. This middle position, realists argue, would make Brazil a pivotal player and maximize its influence.

Post-election prospects

In October Brazil will elect a new President, but foreign policy is unlikely to play much of a role in the election. If the São Paulo Governor José Serra becomes President, his most likely choice as Foreign Minister will be Rubens Barbosa, a career diplomat with extensive experience in international organizations. Generally considered to be in the nationalist camp, Barbosa is a consummate negotiator and a pragmatist who has good relations with the professional corps in Itamaraty. He is also a former Ambassador to the United States and has a very good understanding of Washington's culture and processes. Barbosa would likely steer the national policy more in the direction of international institutionalism and align Itamaraty's positions and language within the hemisphere further in favor of democratic norms and values. It is believed with Serra as President, Brazil would enjoy improved relations with the moderate and conservative governments of Chile, Peru, and Colombia, and have less patience with Venezuela's President Hugo Chávez than it does under the Lula government. Washington would be likely to welcome a Serra victory as a breath of fresh air.

Dilma Rouseff, the candidate of Lula's Workers' Party, is somewhat of a wild card because she would come to the presidency with little experience in foreign affairs.

¹⁰ See Thomaz Guedes da Costa, "Grand Strategy for Assertiveness: International Security and U.S.-Brazil Relations," Challenges to Security in the Hemisphere Task Force, Center for Hemispheric Policy, University of Miami, 24 March 2010.

Because of her party affiliation, it can be assumed that she would maintain key advisors from the leftist nationalist group, and continue to collaborate with the progressive governments in Uruguay, Argentina, and Venezuela. However, Rouseff's record as Minister of Energy and President Lula's Chief of Staff suggests that she is less driven by ideology than Lula, is more pragmatic and technical in her thinking, and could well be more interested than her predecessor in supporting democratic values and human rights internationally. Observers in Brazil anticipate that Rouseff would be less likely to engage in relations with such autocrats as Raúl Castro, Hugo Chávez, and Mahmoud Ahmadinejad, mostly because Brazil has gained little from such partnerships and has paid a heavy price. Implications for Brazil's relations with the United States are uncertain, but on day-to-day issues a Rouseff government would most likely maintain the generally positive, pragmatic tone of her predecessor. Much would depend on whom Rouseff would name as her Foreign Minister and advisors.

Implications for Other Latin American Nations

The following assessment of the implications of Brazil's rising influence on its neighbors is based largely on interviews with foreign ministry and government officials and analysts of foreign affairs, conducted within each country during late May and early June.

Argentina

Argentina is Brazil's traditional regional rival, and it will suffer the most—especially in psychological terms—from the emergence of Brazil as a global player and a leader in South America. Argentina's strategic model for making Mercosur¹¹ and other regional initiatives the center of its foreign policy since the end of the

¹¹ The Common Market of the South was formed by Brazil and Argentina in 1991 with the objective of creating a common market for the free flow of goods, capital, and people. In the nearly 20 years since, it has amounted to little more than a series of agreements for gradual tariff reductions in most industries.

Cold War is based on the assertion of equality with Brazil. Notably, it is only within the last generation that Argentine leaders have come to see Brazil as an equal. Argentines traditionally considered their country superior to Brazil and the other nations of Latin America, and accepting equal status has come slowly and with a high internal political cost.¹² Today, although Brazil's is obviously the dominant and more vibrant economy, Argentina's foreign policy elite bristle at the very mention of Brazil's role in world affairs and reject out of hand any thought that an assertive Brazil might dominate Mercosur. In fact, Brazil may very well run Mercosur with a strong hand if it chooses, because the other countries' economies, including Argentina's, rely largely on their ties with Brazil's market, its finance, and its producers. Buenos Aires could do little to stop Brasilia from dictating terms more favorable to Brazil's interests if it should choose to do so.

Under the Kirchner presidencies (Nestor Kirchner, 2003-2007, and Cristina Fernández de Kirchner, 2007-present), Argentine foreign policy has been reduced to an instrument in domestic political contestation. In an interview for this study, the Argentine Foreign Minister stated, "Argentina has no foreign policy," a remarkable confession from a Foreign Minister. As a consequence, other countries do not view Argentina currently as a reliable partner and its relevance in regional and world affairs has declined significantly. The Fernández de Kirchner government supports the Hugo Chávez regime in Venezuela with a populist rhetoric of its own, although it has taken no substantive action to back up that rhetoric. The rhetoric remains an annoyance to the U.S. government, and means little within the region as long as Argentina lacks the economic and military wherewithal to help its partners.

¹² Argentina's elites are historically based in the port city of Buenos Aires, thousands of miles from the pattern of Spanish exploitation of indigenous labor that prevailed in the Andes, surrounded by rich farmland and pastureland, and more dominantly European than most Latin American cities. This relative isolation, and the national recollection that Argentina was among the world's richest countries in the early 20th century, helps explain the country's exceptional arrogance.

Argentina has little choice in dealing with Brazilian leadership. It quietly opposes Brazil's aspirations for a seat on the UN Security Council, suggesting that it prefers to have a seat reserved for Latin America, not for Brazil. However, as long as Argentina's foreign policy remains paralyzed, there will be no effective opposition to Brazilian leadership. The fact that Brazil supported Nestor Kirchner's candidacy for chief of the Union of the South (UNASUR) suggests that Argentina is expected to return the favor in the near future.¹³ It also suggests that Brazil does not consider UNASUR as a strategically important organization: with Nestor Kirchner in charge, it is almost certain that UNASUR will accomplish nothing. This is an extraordinary reversal, considering that Brazil provided critical support for UNASUR and its defense corollary, the South American Defense Council, just a few years ago.

The only near-term possibility of a shift in Argentina's situation is the unlikely election in 2011 of the candidate of the Radical Party or of one of the so-called "dissident Peronists."¹⁴ In that case, the new government would likely try to resurrect a foreign policy based on an Argentine version of institutionalism, probably centering on new arrangements with international financial markets and pro-export policies. In such a scenario, Argentina would have to support Brazilian pretensions because Brazil is by far Argentina's chief export market, but it would seek to do so in ways amenable to Argentine pride. Argentina might, in such a scenario, seek to emulate Chile, though the powers of unions, industrial groups, and other special interests would complicate any such effort. The fact that the current government has also starved its nation's armed forces virtually to the point of inoperability also indicates that significant change in Argentina would likely take years, if not decades, to develop.

¹³ One rumor is that former President Lula da Silva will be nominated to head the World Bank, with United States' support.

¹⁴ The Kirchners—Nestor (former President) and Cristina (current President)—head up the Peronist Party, which for decades has dominated Argentina's national and, in most areas, local politics.

Chile

Chile has the most balanced foreign policy in the region. Since the early 1990s Chile has had a clear idea of its objectives and interests—to pursue export-led growth and to support democracy and human rights, in cooperation with the leading global powers—and a clear idea of its influence in world affairs. Chile is the regional country least threatened by Brazil’s rising influence. Its long-standing economic and political—and, increasingly, security—ties with countries across the Pacific,¹⁵ as well as in North America and Europe, grant Chile a healthy diversity and reduce its reliance on any single market or partner. Chilean consumers and companies have benefited handsomely from Brazil’s growing exports, enormous markets, and investment opportunities.

In terms of its regional relations, the Lagos (2000-2006) and Bachelet (2006-2010) governments worked hard to shift Chile’s strategic focus away from its historic pre-occupation with the prospect of re-battling Bolivia and Peru over the territories it won in the 19th century War of the Pacific. A new approach, in which Chile’s professional armed forces are used as an instrument of the nation’s role in world affairs, is in its early development. Chile’s participation in the United Nations peacekeeping mission in Haiti (MINUSTAH) is a first step.¹⁶ More recently, the Bachelet government’s offer to settle long-standing disputes with Peru and Bolivia is another, giant, step. The new government of Sebastian Piñera shows signs of continuing Chile’s patient, multilateral approach to managing regional relations (via a range of international institutions and bilateral initiatives). The Piñera government is continuing its predecessor’s efforts to settle the maritime dispute with Peru through international arbitration; it accepted the election of Nestor Kirchner to head UNASUR; and it has kept quiet on issues of dispute with Bolivia. However, under Piñera Chile is unlikely to continue to remain quiet on the issue of the Chávez government’s relations with the FARC (the Revolutionary Forces of

¹⁵ Of special importance are Chile’s strong relations with China and South Korea. Chile has signed ground-breaking free trade agreements with both countries, the first in Latin America to do so.

¹⁶ Chile has played a leading role in this mission, along with Brazil.

Colombia) and its attempts to undermine the governments of Colombia and Peru. A Chile that is more outspoken on issues of human and political rights, on security threats, and on democracy could rankle the Brazilians, who would prefer to leave these issues alone as long as the region is stable.

Chile's political stability, its consistently strong economic growth, and its recognition as a reliable and active player on the global stage¹⁷ could make it an interesting player during Brazil's emergence. So long as Brazil remains true to the community of democracies in South America, Chile will be among its most useful partners. This is largely because Chile, along with Brazil and Mexico, offers a positive model of economic development combined with long-term reductions in poverty and social inequality. The models provided by these three countries are the best regional tonic to the populist and unfulfilled promises of Hugo Chávez's Bolivarian agenda. Chile has lately played a key role in global trade negotiations, and it will continue to exercise a disproportionately important role in world affairs. Chile could well serve as an important ally of the United States without threatening Brazil's new leadership. The Chilean armed forces have for decades been among the staunchest regional partners of the U.S. military.¹⁸ Under the new government they will continue to cooperate with the United States and their neighbors—including those across the Pacific—to promote regional stability and, in particular, to improve maritime security.¹⁹ Furthermore, in the unlikely event that a Leftist-led Brazil shifts clearly in favor of anti-U.S. radicalism, Chile could prove the United States' most critical friend in the region.

Colombia

Under President Lula, Brazil has clearly indicated its annoyance with the U.S. military's extensive presence and influence in Colombia. This is merely the latest

¹⁷ In May 2010 Chile was named a new member of the Organization of Economically Developed Countries (OECD).

¹⁸ Chilean forces not only participate in regional and bilateral military exercises with the United States (and other regional partners), but also participate (since 1996) in annual naval exercises organized by the U.S. Pacific Command in the Pacific, alongside the navies of Japan, South Korea, Australia, and Canada, as well as the U.S. Navy.

¹⁹ Settling the maritime dispute with Peru would be a crucial step in doing so.

example of Brazil's insistence (since its relations with the United States cooled in the late 1950s and 1960s) that the United States should desist from intervening militarily in South America. Colombia disagrees, and again its perspective is not new. Defending its new Defense Cooperation Agreement with the United States at a UNASUR summit in August 2009, the Uribe government described how in the period 1998-2002 its national sovereignty was under armed threat from the FARC insurgency, and, while its neighbors, including Brazil, kept their distance, the United States provided assistance that saved the country.

In the winter of 2010, new governments in Colombia and in Brazil will have the opportunity for a fresh start. The Uribe administration had testy relations with Brasilia, and the Santos government should be able to improve quickly the tone of the relationship. The new Colombian government will likely try to convince Brasilia that it is in Brazil's own interests to condemn Venezuela's violations of Colombia's territory and its arms exports to the FARC, and that the instability created by Hugo Chávez is detrimental to Brazil as well as to Colombia. The Lula government seems to view these as thorny matters better left to Venezuela and Colombia to sort out, while it tries to maintain cordial bilateral relations with both. Brazil may need encouragement to take on the role of honest broker between Venezuela and Colombia. Regardless of the winner of Brazil's election, it can be hoped that the new government in Brazil will be more receptive to such arguments than Lula's has been.

In the near term, Colombia is not likely to accept or endorse Brazil's efforts to exert greater influence around the region. Colombia's chief economic and political partner is the United States, and it is reaching out increasingly to Mexico and to Asian countries as partners, as much as it is reaching toward other nations of South America. In recent years Colombia has returned from the brink of disaster (that is, in 1998-1999 it almost lost its war against the FARC insurgency) to become one of the region's most vibrant and diverse economies, and its

democratic system—though corrupt—is relatively healthy compared to those of its Andean neighbors.²⁰ Colombia also envisions a near- and mid-term future clouded by instability (and potential catastrophe) in Venezuela, which will reverberate negatively on Colombia and which will require international cooperation to manage. Up to now, Brazil has been decidedly unhelpful to Colombia in managing this ongoing problem.

Colombia's leaders are fundamentally skeptical regarding Brazil. The general perspective among Colombia's elites is that Brazil is at best an unreliable partner, and at worst a selfish giant with questionable leftist tendencies,²¹ whose expanding influence presents more challenges than opportunities for Colombia. There is a perception that Brazil's expanding influence thus far has served mostly to promote Brasilia's own interests, not broader collective goals.²² Like Argentina, Colombia has a predisposition to view Brazil's foreign policy as that of a hegemon more predatory than benign.

Venezuela

Contrary to most of the rhetoric from Caracas and Brasilia, Brazil's emergence as regional leader has stymied Hugo Chávez and his Bolivarian agenda. While President Lula has glad-handed President Chávez in photo ops and has publicly blessed his enterprise, in terms of actual policy Brazil has blocked Chávez's various schemes for South American unity or the realization of ALBA projects.²³ As a result

²⁰ For example, Colombia's courts were capable of considering, and rejecting, President Uribe's bid to reform the constitution to allow him to run again for the presidency. In Venezuela and Nicaragua, the constitutional courts seem at present to be under the control of the executive.

²¹ Referring mostly to President Lula's friendship with and support for Hugo Chávez, and the persistent rumors of FARC ties with some members of Brazil's Workers' Party.

²² For example, Brazil's initiative to form a regional multilateral institution for the management of Amazonian resources is viewed with suspicion, largely because Brazil is the only Amazonian country with a state policy of deforesting, developing, and populating the Amazon region as an issue of national security and strategy. (This is according to an interview with two senior Colombian military officials in July 2009.)

²³ ALBA is the Bolivarian Alliance for the People of Latin America, a loose grouping of countries that more or less share Hugo Chávez's vision of socialist reforms and revolution across the region.

of Brazil's subtle undermining efforts, as well as low global prices for oil and Chávez's disastrous economic policies, ALBA's impact has been extremely limited.

Chávez admires Lula and realizes that he will face great difficulty in advancing his regional agenda if Brazil will not go along with his plans. In reality, as the energy sector, the economy, and the quality of life in Venezuela deteriorate rapidly, Chávez has decreasing oil profits to dedicate to regional projects. It is possible that in the fall elections, Chávez's opponents will succeed in winning enough seats in the legislature to make governing more difficult for Chavez. More likely, Chávez will manipulate the election in various ways to keep that from occurring. If so, this further step toward outright dictatorship will only worsen Venezuela's political and social polarization and reduce Chávez's international influence. Either way, it can be hoped that the new Brazilian government will recalibrate its approach to Venezuela and perhaps lead a more pronounced expression of regional concern over the Chávez government's increasingly egregious attacks against its opposition and the media, as well as its efforts at regional destabilization.

Smaller States

We will address here the nations of Peru, Bolivia, Paraguay, and Uruguay. Each of these smaller states of the hemisphere has its own relations with Brazil and poses its own challenge to Brazil's emerging influence. The Lula government has been hesitant to assert its power in Paraguay and Bolivia, even when crises have threatened their stability, and has acted soft-handedly to accommodate their concerns even at some cost to Brazil's economic interests.²⁴ As Brazil begins to assert itself in regional and world affairs, the importance of ensuring tranquility in its neighboring countries grows. Uruguay and Peru are not likely to pose significant problems—though each will likely resist undue influence from Brasilia.

²⁴ The chief victim of Bolivian President Evo Morales' seizure of that country's natural gas industry was Brazil's mammoth energy company Petrobras. Lula chose a gentle response, infuriating critics—especially those within Brazilian industry.

Bolivia and Paraguay, on the other hand, could be epicenters for regional security crises which Brazil would likely perceive that it must address.

Uruguay is a stable democracy that aspires to play a regional role similar to that of Chile. Uruguay is generally supportive of Brazilian leadership. As a micro-state whose economy depends upon Brazil's, it does not really have a choice. Brazil will likely seek to maintain good relations with Uruguay, because Uruguay plays a pivotal role within the Mercosur grouping. Particularly if José Serra is elected next President of Brazil, it is likely that Brazil will treat Argentina with a firmer hand than it has up to now in terms of rejecting Argentine protectionist policies. Such a tussle between Mercosur's largest members would make Uruguay's position more important. The same will be true if Brazil and other countries, such as Colombia, Peru, or Chile, clash in the future. Uruguay has a degree of "soft power" as a stable, prosperous democracy, and it could increasingly be a pivotal player if the region's divisions were to grow. The social democratic leadership in Montevideo would like to see Uruguay play a constructive role in regional organizations and seek to collaborate with the United States. Further cooperation with the government in Uruguay could yield considerable benefits for the United States in dealing with Brazil.

At present, Peru is a wild card. It could play an important role in the region in the coming years if it maintains its political stability and if commodities prices stay high. The danger is that Peru, like Bolivia and Ecuador, has a tightly centralized political system—dominated by Lima and its leading families—and an economic base centered on mining and other resource exports. The rest of the country, and particularly the indigenous people and Afro-Peruvians, who make up half of the population, are mostly barred from national politics and from the formal economy, except as low-wage labor. This poor majority is increasingly mobilized, especially in the slums around Lima and other large cities. Unless they perceive that they are receiving benefits from Peru's recent economic surge and from its

public services, they could well vote into power a populist reformist, such as Hugo Chávez or Evo Morales, who promises to address their longstanding grievances.

At the moment, Peru's strategic outreach is hindered by its limited capacity—the result of a relatively weak state and a defense sector that focuses anachronistically on prospects of war with Chile. The resolution of its maritime dispute with Chile, expected sometime in late 2011, should help orient its elites and strategists toward the future rather than the past. If so, Peru could well come to play an important role in regional affairs.

An additional factor to note in Peru's foreign policy posture is Lima's relationship with China. Peru has historically been China's best partner in the region, and today Chinese investment in Peru is enormous, increasingly vital to Peru's development, and almost certain to grow over the next decade. It is not appropriate to view Peru as becoming a Chinese pawn; Lima would never allow this and assertiveness on the part of China would likely put at risk its access to important oil, mineral, and food interests in other South American countries.²⁵ However, Peru is well positioned to benefit enormously from China's economic growth and Lima is unlikely not to seize any opportunity for closer relations with a growing world power that could provide it with significant benefits.

Bolivia and Paraguay are unstable countries beset with problems. They present Brazil in particular with a thorny set of risks and challenges. In 1996 Brazil's government had to weigh in with the threat of economic sanctions to quell a coup attempt in Paraguay. In 2008 the Morales government in Bolivia shocked President Lula by seizing Brazilian natural gas facilities, and Lula's efforts at mediation were largely unsuccessful. Whereas in previous decades Brazilian national defense scenarios and exercises typically envisioned some form of conflict

²⁵ CNA just completed an analysis of current and future implications of China's engagement in Latin America for the United States and its regional partners. A copy is available upon request.

with Argentina, security analysts now focus on the possibilities of threats emanating from state collapse in Bolivia or Paraguay.

Even if a major crisis should erupt in either country within the next five years, it is unlikely that Brazil would be willing to act unilaterally, despite the potentially severe spillover effects that such an event would present for Brazil. Instead, Brazil would most likely promote some form of collective action by means of one of the feeble regional organizations, UNASUR or the Organization of American States (OAS), or by gathering an ad hoc group of willing partners. The ad hoc nature of such a response—typical of Latin American responses to political or security crises²⁶—calls to point the critical importance to Brazil of having reliable allies such as Chile and Uruguay, and continues to work to improve relations with Peru and Argentina. A regional crisis would be an enormous test for Brazil's foreign policy, its armed forces, and its status as regional leader. In such a crisis, Brazil could well seek support from the United States, posing both a test and a major opportunity for the Brazil-U.S. relationship.

Reflections on U.S. security interests and Brazil's regional leadership

There is no question about Brazil's capacity for leadership in South America. The question is whether Brazil is willing to assume the costs of creating meaningful partnerships with its smaller neighbors, and to commit blood and treasure in cases where Brazilian aspirations for regional leadership would imply that Brasilia would need to assert itself to protect regional stability. This is reflected in Colombia's contention that Brazil's refusal to mediate, in an even-handed fashion, between Colombia and Venezuela undermines its claims to regional leadership. Brazil's

²⁶ Consider, for example, the region's haphazard responses to recent flare-ups such as the Peru-Ecuador war in 1996 (an ad hoc mediation led by Brazil) and the crisis between Venezuela and Colombia in the spring and summer of 2009 after a Colombian anti-FARC raid in Ecuadoran territory (which Fidel Castro, Lula, and Dominican Republic President Leonel Fernández helped to mediate at a meeting of the Rio Group).

strategy of seeking to exert influence without extending itself politically or militarily has definite limitations, particularly when compared to the United States, which has demonstrated (at least in Colombia) its willingness to provide significant support to regional partners.

Perhaps the central question for U.S. strategists regarding Latin America is: Does the United States prefer a region under Brazilian leadership, especially on security issues, or a region with a less coherent power structure in which security threats are managed in an ad hoc fashion? The posture of the U.S. government recently has been supportive of Brazilian leadership. However, Brazilian suspicions about the United States and its true interests in the region run deep. Until Brazil's internal debates regarding overall strategy are resolved, Brazil likely will maintain positive, cooperative relations with the United States, but not at the cost of limiting its broader global strategic options.

Can the U.S. do anything about Brazil's ambivalence toward this bilateral relationship? Certainly, But it will require prolonged patience. Essentially the United States faces the task of replacing the old narrative regarding U.S.-Brazilian relations, which was ingrained in the heads of most Brazilian elites, politicians, and military leaders during the 1970s and 1980s, with a new narrative. Brazilians appreciate language that implies respect and partnership, but there is a need for actions that demonstrate respect, confidence, and the acceptance of disagreement on some issues. The building of confidence is a long-term goal. It will require U.S. acquiescence to Brazil on some South American policy matters, even in moments when Brazilian rhetoric or actions make U.S. leaders uncomfortable. If the United States would prefer a Brazil-led South American region, it must be comfortable allowing Brazil to lead.

The following remarks from U.S. Secretary of State Hillary Clinton, made during a conference at the Brookings Institution in late May, are relevant to this point:

I see Brazil as part of the solution. I see Brazil as having extraordinary resources and capacity to be put up against problems in our hemisphere and increasingly beyond. That doesn't mean we're always going to agree with the Brazilian Government policy. But Brazil – I mean, we want a relationship with Brazil that stands the test of time no matter who our president is or no matter what the political constellation in Brazil is. And I feel very strongly that on so many important matters, Brazil is a very responsible and effective partner. We could not have stabilized the situation post-earthquake in Haiti without Brazil. I mean, Brazil was there already leading MINUSTAH, the UN peacekeeping force. They lost people, both on the civilian and military side, but they immediately regrouped and came forward and are one of the lead nations in the rebuilding of Haiti. Brazil played a role in the small group that the President and I crashed into in Copenhagen in coming up with an accord out of the Copenhagen conference and signed on to its own commitments on climate change. We have a really robust investment and business relationship with Brazil. So there's a very, very long list of areas of common interest and of partnership that we will work on and expand.

But I don't know that we agree with any nation on every issue. And certainly we have very serious disagreements with Brazil's diplomacy vis-à-vis Iran. And we have told President Lula, I've told my counterpart the foreign minister, that we think buying time for Iran, enabling Iran to avoid international unity with respect to their nuclear program makes the world more dangerous, not less. They have a different perspective on what they see they're doing.

So we just kind of go at it... I mean, if President Lula or Foreign Minister Amorim were sitting here, they'd say, 'We believe strongly that what we're doing will avoid conflict; it will avoid serious consequences inside Iran; sanctions are not a good tool.' I mean, they have a theory of the case. They're not just acting out of impulse. We disagree with it, so we go at it. We say, well, we don't agree with that and we think the Iranians are using you and we think it's time to go to the Security Council and that it's only after the Security Council acts that the Iranians will engage effectively on their nuclear program. But our disagreement doesn't in any way undermine our commitment to see Brazil as a friend and a partner in this hemisphere and beyond.²⁷

This raises a question that many foreign policy makers within the region view as the chief uncertainty in the relationship between Brazil and the United States: Can the United States accept, and adapt to, a more autonomous Brazil whose interests

²⁷ The complete text and video from this conference are available from the Brookings Institution at: http://www.brookings.edu/events/2010/0527_national_security.aspx (last accessed 23 June 2010).

align with those of the United States generally but which disagrees on some issues and pursues its own policies? As a recent example, Brazil's efforts, along with those of Turkey, to get an agreement with Iran on its nuclear program, enormously complicated U.S. efforts to achieve new UN sanctions against Tehran. This situation has put U.S. tolerance of Brazilian autonomy to the test. It is a serious rift on an issue of top importance to Washington, and it will almost certainly have a cooling effect on political relations for the remainder of the Lula presidency.²⁸ The degree to which Brasilia and Washington can weather this turbulence and reengage productively on important issues will send a signal regarding the maturity of the bilateral relationship.

²⁸ See "An Iranian Banana Skin," *The Economist*, 17 June 2010.