

# Latin America's International Projection: Trends and Trajectories for 2012

Written by Gian Luca Gardini

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GIAN LUCA GARDINI, MAR 29 2012

Three crucial political trends are likely to characterise the global projection of Latin America in 2012 and the years to come: the rise of Brazil and its consequences for the region in global affairs; the mushrooming of regional projects supposedly aimed at promoting Latin American unity; and the summit exercises in which Latin America engages with its major international partners, the US, the EU, and China.

Brazil is the most powerful country in Latin America. It is not only an emerging economy but it is widely perceived as a rising political power in the global sphere as well. However its leadership credentials in Latin America and beyond are mixed and the impact of its rise upon the rest of the continent is not conclusive yet. In economic and military terms Brazil has all it takes to be a regional leader and a would-be global player. It has recently overtaken the UK as the world 6<sup>th</sup> largest economy and it is expanding its military capabilities at a sustained rate. Also, its successful social policies are now being exported to other countries in Latin America and Africa. Brazil is more and more active within international organisations. It leads the UN mission in Haiti, plays a key role in WTO negotiations, is bidding for a permanent seat in the UN Security Council, and sponsors the formation of new international aggregations such as the BRIC, IBSA (India, Brazil, South Africa) or UNASUR, the Union of South American Nations.

Yet some caveats affect Brazil's power status. A coin has two sides and the other side of leadership is followership. Brazil has been struggling to drive the agenda in Latin America and secure other Latin American countries' support for its own visions and leading role. In the words of Andres Malamud, Brazil risks becoming 'a leader without followers'. However things may change rapidly. With rising economic and political weight, Brazil will have more and more to offer in terms of incentives or penalties to its interlocutors. A different question is whether or not Brazil is in fact willing and ready to take up a leading role in Latin America. So far Brasilia has not been keen to pay the cost, either political or economic, associated with leadership and has favoured a consensual management style often avoiding taking sides or even a position. With power comes responsibility, but Brazil appears reluctant to tie up its hands in the region, possibly to the detriment of its increasingly global interests and positioning. Regionally, Latin American countries have proven themselves to be reluctant followers and Brazil has behaved as a reluctant leader.

Globally, Brazilian presence and capacity of projection is still relatively limited in spite of its rapid ascendance. According to data collected and elaborated by the Real Instituto Elcano, Brazil is only 25<sup>th</sup> in the ranking of countries with the most extensive interests and economic, social and cultural influence globally. The Elcano Global Presence Index shows that in the 5 areas analysed (economy, defence and security, migration and tourism, science and culture, and development aid), Brazil does not feature in the top 10 countries in any category. Countries such as Ireland, Turkey, Malaysia, Austria, Mexico, Sweden, India, and South Korea all fare better than Brazil. While these league table may be subjective and controversial, the fact remains that Brazil's contribution to international governance is still relatively small; for instance Brazil contributes to the IMF or the WTO budget as much as Belgium. This is not to say that Brazil does not have the potential to become a global power; only that GDP alone does not generate either leadership or followership. 2012 will provide some indications about Brazilian orientation towards one or the other.

Latin American regionalism is mushrooming, not necessarily flourishing. A plethora of regional projects and schemes

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characterise the current panorama. Yet the rationale for many of them is often very different if not divergent or outright incompatible. Some of the existing projects are the legacy of the neoliberal model; espousing a reduced role for the state, economic opening, and the trade liberalisation that had informed national and regional politics throughout the 1990s. Expressions of this model include the creation of the North American Free Trade Area (NAFTA) between Mexico, the US and Canada and the Common Market of the South (MERCOSUR), which is composed of Argentina, Brazil, Paraguay and Uruguay, as well as the revival of the Andean Community (currently made of Colombia, Ecuador, Peru and Bolivia).

By the early 2000s there was a realisation that the neoliberal model had failed to tackle the traditional problems of poverty, inequality and dependence on external markets. This raised questions in the region regarding social issues and redistribution of wealth, the role of the state as engine of development, endogenous and equitable growth, and greater autonomy in international affairs. In 2004 Venezuelan President Hugo Chavez inaugurated the Bolivarian Alliance for the Americas (ALBA), consisting of Venezuela, Cuba, Bolivia, Ecuador, Nicaragua and a few Caribbean small islands. ALBA rejects free trade in favor of a trade strategy that borders on bartering. The discourse is highly ideological and anti-US and its propositions are quite controversial and divisive.

In 2008, Brazil launched its own project, the Union of South American Nations (UNASUR). This brings together all twelve South American countries, defining South America, as opposed to Latin America, as the region of reference. This is a Brazilian attempt to spread its geostrategic vision and influence, aiming at coordinating regional decisions on strategic matters like regional security as well as social issues including health and education. An economic dimension is to be added by the end of the decade. Also MERCOSUR adapted to the new mantra and created a regional parliament and a structural fund to address democratic participation and economic asymmetries. In 2011 the Community of Latin American and Caribbean States (CELAC) was born. This brings together all 33 Latin American and Caribbean countries including Cuba, with the aim of providing a unitary bloc for Latin America's global interactions. There is no economic dimension; its singular purpose is political coordination in order to strengthen Latin America's position on the world stage.

At the turn of the second decade of the 21<sup>st</sup> Century, a new trend seems to be taking shape: a sort of counterrevolution to last decade's revolt against neo-liberalism. The sidelining of economic issues to give central stage to political cooperation seems to have lost sight of the real possibilities of integration. Emphasis on social issues has often been empty rhetoric. The search for unachievable political unity may ultimately jeopardise Latin America's economic interests. This is a possible reading of the 2010 launch of the Pacific Alliance (Mexico, Peru, Chile and Colombia), a forum trying to reemphasise economic interests and the potential of the Asian markets. The recent creation of the Latin American Integrated Market (MILA) also points towards less ambitious but more economically focused projects. MILA is a self-contained sectorial scheme that integrates the stock exchange markets in Bogota, Lima and Santiago. MERCOSUR too now discusses the opportunity of loosening ties among its members and allowing them to conclude individually free trade agreements with relevant third parties. 2012 and the years to come will be a probing test for Latin American regionalism and will provide an indication of whether regionalism is deepening or in fact being diluted.

Initially, major summits with key international partners were to be a central tenet of Latin America's 2012 agenda. This may not be the case. The Summit of the Americas, where the US and Canada meet all Latin American countries, except Cuba, will take place in Cartagena, Colombia, in April. So far signs have not been encouraging. The ALBA countries have threatened to boycott the summit over the exclusion of Cuba imposed by the US. From a legal point of view, the US position is correct. The 2001 Inter-American Democratic Charter and the Quebec City Declaration explicitly state that non-democratic states cannot participate in the Summit. Cuba at present is not a democracy, regardless of all other considerations and preferences. The political question is a different one. ALBA countries seek for a more plural and autonomous continent, free from US interference. The persisting US embargo on Cuba is at least anachronistic and clearly driven by ideological and domestic pressures. For these reasons, at the previous Summit in Trinidad and Tobago in 2009, no consensus was reached on the final declaration. A similar outcome may cool US-Latin American relations or, more likely, reinforce the US preference for dealing with Latin American countries on a bilateral basis.

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The scheduled 2012 EU-Latin America Summit is not going to take place due to the creation of CELAC. It will be replaced by the inaugural EU-CELAC Summit in January 2013, where for the first time Latin America will act as a bloc in its global projection. The summit will be a propitious occasion to reassess the whole bi-regional process of institutionalised interactions between the EU and Latin America in the light of changed circumstances. Traditionally the EU has dominated the agenda and paid for most of the expenses, with the two aspects reinforcing one another. With the on-going debt and financial crises in Europe, and the economic and political rise of Latin America, the latter may better be disposed to pay a bigger share of the bill and take a more assertive role in defining the agenda. Also, with the fast changing panorama of Latin American regionalism—where new projects are fast replacing traditional ones like the Andean Community that have lost legitimacy as well as relevance—the EU may want to reconsider its very articulate but also very expensive and quite cumbersome inter-regional approach to Latin America. If leaders on both sides of the Atlantic are willing to acknowledge the changed circumstances, the EU-CELAC summit may open the path to a significant evolution in EU-Latin American relations. 2012 is crucial for the preparatory works leading to the summit.

Finally, with a much less glamorous but perhaps more effective approach, China will hold its annual summit with Latin America. The Chinese model has two advantages: summits are annual, which gives a certain continuity and adaptability to the process, and negotiations are quite focused and pragmatic with the business sector directly involved and tangible results more readily obtainable than in summits with the US or the EU. Whether big political questions are indeed openly debated is a different matter altogether. The Chinese presence in Latin America is growing fast and the UN Economic Commission for Latin America and the Caribbean predicts that by 2015 China will overtake Europe as Latin America's second largest trading partner. While China may offer significant advantages to Latin America in the short-run, especially in terms of export markets and foreign direct investments, these benefits may be outweighed by the corrosive long-term trajectory. Historically, economic dependence has led to political allegiance and Chinese products may soon affect Latin American production and global market shares. China may turn out to be an El Dorado or a new form of dependency for Latin America. The quality and vision of Latin American leaders will be decisive for determining which outcome wins out.

In the second decade of the 21<sup>st</sup> century, Latin America is in its best international position ever. The continent is more present and assertive in world affairs, its economic indicators are all positive, and its political weight is on the rise. Yet, the way in which Latin America will manage the ascendance of its natural leader Brazil, the search for regional unity and convergence, and its interactions with major international powers will determine whether we will have a Latin American decade or yet another failed promise. 2012 will provide interesting indicators on all the three issues.

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