Which Brazilian policy for regionalism?
Discourse and institutional development in Mercosur

La política brasileña en materia de regionalismo.
Discurso y desarrollo institucional en el Mercosur

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Abstract

During the past decade, Mercosur has been insistently presented as the priority of Brazilian foreign policy. Nevertheless, in this period regional integration has neither deepened nor enlarged. This article aims to explain this gap between discourse and practice by examining how Brazil’s regionalism policy is characterized. The analysis is based on a case study of the creation of Mercosur’s Parliament in 2006. Theoretically, we argue that discursive institutionalism and international regimes theory can largely account for the detachment of Brazil from Mercosur and the limited interdependence that has been built among these countries. The conclusion points to the induction of a low-impact regionalism that facilitates Brazil’s actions at the international level.

KEYWORDS: Brazil, Regionalism, Mercosur, Mercosur Parliament, Foreign Policy

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Recibido el 21 de marzo de 2013. Aceptado El 24 de junio de 2013
In practical terms, maybe we shouldn’t have so much confidence in the strict majority vote in international organizations and more confidence in the concurrent majority requirement and the forms of representation that are created. (Deutsch, 1981: 232)
In the field of foreign policy, the Southern Common Market (Mercosur) had always been the declared priority of the Brazilian government under Lula. Strengthening relations with its South American neighbors, mainly with Argentina, was considered strategic by the government. Regional integration already had a preeminent place in the 2002 Worker’s Party’s (PT, abbreviation in Portuguese) Government Program, referred to as the main foreign policy tool at the very beginning of the document. Reconstructing Mercosur through policy-coordination and the creation of political and juridical institutions was seen as a «decisive element» in this area (Palocci, 2002: 6). In his first international visit as president, in December 2002, Lula stated in Buenos Aires that Mercosur deserved an «urgent deepening through concrete proposals»¹. On that occasion, he expressly mentioned the need for common institutions to improve political cooperation, proposing the creation of a directly elected parliament. In the following years, Brazil was indeed a central actor in the establishment of the Mercosur Parliament (Parlasur) in 2006.

Nevertheless, Parlasur was one of Mercosur’s very few achievements of the 2000s. Structural funds were approved in the same «parliamentary package» as a means of convincing Uruguay and mostly Paraguay of agreeing to the assembly. But the main barriers to the consolidation of the common market still persisted, such as limitations to free trade, difficulties in managing and expanding the common external tariff and the lack of free movement of people and policy-harmonization. Governmental discourse about regional integration in the end did not turn into practice, which became more evident during Lula’s second mandate. The 2006 Government Program barely mentioned Mercosur, which was discreetly included in the topic «Sovereign insertion in the world» (Garcia, 2006: 14). From 2007 on, the government devoted its attention to broad South-South relations, enhancing its dialogue with Asian and African partners. Latin America was still a priority, but attention was focused on new agreements rather than to the older Mercosur. This trend continues in the first years of Dilma’s presidency.

Integration capable of creating a new register for politics beyond the nation-state. Brazil represents more than 2/3 of the wealth, population and territory of Mercosur and its trade exchanges are progressively more diversified. This interdependence threshold is accentuated by the relative cultural eccentricity of Brazil in relation to Latin America. In spite of sharing historical experiences with its Spanish-speaking neighbors, Brazil often adopts an isolationist position reinforced by its continental dimensions and its particular colonization process (Galvão, 2009: 74). As Fernand Braudel (apud Martinière, 1978: 41) states, «Latin America is not ‘one’, a homogenous entity... it is ‘one’ by contrast, by opposition, taken in its continental mass, opposed to the other continents, but it doesn’t prevent it from being deeply divided».

The second part sheds light on the Mercosur’s main institutional evolution during the past years: the creation of Parlasur. Brazilian support for the regional parliament contributes to the understanding of the Brazilian perspective on Mercosur itself. We argue that the intention of prioritizing regional integration was limited and more of a rhetorical exercise than a real policy. Instead of deepening Mercosur, authorities were looking to consolidate Brazil as an emerging power by re-launching South-South relations. This strategy confirms the persistency of the Nation-State in contemporary politics and new ways regionalism is being applied in the 21st century.

**Brazilian foreign policy and Mercosur: between discourse and instrumental rationality**

Within Latin America, Brazil’s case is emblematic especially because its economy is the least dependent on Mercosur. With the economic reforms initiated during Fernando Henrique Cardoso and Lula’s governments, Brazil began a process of detachment, distancing itself from Mercosur and acting on its own. Positive results of these reforms have increased the power asymmetries among Mercosur countries. This detachment can be explained through the combination of two theories related to institutional change: discursive institutionalism and international regimes perspective.

According to Vigevani and Cepaluni (2007: 1310), there is no important rupture in Brazilian foreign policy in the period 1994-2010, but simply distinct emphases on already established objectives. Both Fernando Henrique and Lula's governments searched to achieve economic development and political autonomy with their external actions. Differences lie in the degree of autonomy and how it is maximized: through distance, participation or diversification (Vigevani and Cepaluni, 2007: 1313). Discursive institutionalism perspective treats change as an endogenous process, thus offering a prominent place to Nation-States in regional integrations. It relativizes the direct impact of exogenous actions,
arguing that discourse and ideas should be taken seriously to explain institutional change. Discursive institutionalism «is concerned with both the substantive content of ideas and the interactive processes of discourse in institutional context» (Schmidt, 2010: 1). Peter and Ernst Haas have also worked on the relations between ideas and the pragmatic tradition, mixing the cornerstones for constructivism and philosophy of science. According to these authors, «pragmatic constructivism seeks to locate ideas about politics and the world within the social conditions from which they emerge, or are constructed» (2002: 574). All of these authors emphasize the importance of epistemic communities as innovations, both in order to explain institutional change and to influence the conception of foreign policy.

The elaboration of Brazilian foreign policy has not always been followed by effective implementation. Differences among discourse, diplomatic practice and real institutionalization are not new and they have strongly marked this field in the last decade2. From the 1980s on, regional integration has become central in the discourse related to foreign policy. Simon Bolivar’s idea was appropriated by decision-makers and became a real leitmotiv. In spite of the functionalist vocation of Mercosur, in light of the failures of the Andean Pact, its contractual ambitions are still beyond the effective capacity of its members to reach agreement. The fact that the common external tariff is not completely implemented reveals the development asymmetries and the gap between discourse and practice. In fact, Mercosur has been diffusing a self-image quite different from the facts, which is reflected in the representations built by the Brazilian discourse. During a Mercosur summit in 2004, Lula affirmed that «our project of development is not only national. It also includes the regional dimension. Brazil’s prosperity has to be the prosperity of our regional partners. The Brazilian economy has entered a phase of solid growth. We now have the ability to increase trade and cooperation with our neighbors»3. Nevertheless, economic data shows that this prosperity has not caused an increase in trade within Mercosur. Externally, it seems to be based on the individual participation of Brazil in forums like the BRICS, BASIC or G-20. Internally, it has been guiding the implementation of public policies aimed to decrease the heterogeneity of the national territory, which is marked by strong inequality4. Mercosur has not

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2 Further research could clarify if this gap results from internal constraints in the Ministry of Foreign Affairs or from a presidential diplomacy with a political character.

3 See Lula’s discourse during the XVI Mercosur Summit, Puerto Iguazú, Argentina, 8 July 2004. Resenha de Política Exterior do Brasil, n. 95, 2º semestre de 2004, p. 36.

4 «After achieving its peak in 1997-98 (17%), intra-Mercosur trade has decreased. Exports to third countries have grown much faster than inside the bloc. Neither Mercosur institutions nor the
been able to establish institutional venues for the redistribution of Brazilian prosperity beyond its national borders\(^5\).

This situation did not prevent Brazilian authorities from continuing to construct a discourse that is far from reality but seeks to legitimate regional integration and, by extension, Brazilian foreign policy itself. Lula’s efforts to establish a parliament in Mercosur can be understood in this context. Five years after the official inauguration, Parl\(\text{a}\)sur’s progress is limited and the established agenda has yet to be accomplished. The main problems are related to the implementation of proportional composition and direct elections\(^6\).

Consequently, Mercosur seems to present two faces: the real one, defined mainly by economic principles, and the virtual one, guided by discursive bases referring to the «integrationist vocation» and the collective identity of the Latin-American peoples\(^7\). This virtual face is nourished by epistemic communities often linked to the European Union, which try to influence national and regional institutions. Civil society organizations also take part in this process, but in a limited way. According to the Brazilian ministry of foreign affairs, «when people ask if Mercosur is going through a crisis and what we will do to save it, I would say Mercosur is no longer the property of governments. Today Mercosur belongs to societies, to peoples, and peoples of Mercosur will not let this process fail»\(^8\). Nevertheless, in reality, Mercosur is still an intergovernmental project. Social mobilization is minimal and limited to a few sectors, even if some regional institutions are meant to support and increase this participation.

Conflict between discourse and action is quite common in domestic and foreign policies. The case of Mercosur is nevertheless distinguished by at least two factors. First, there is a conceptual


\(^6\) FOCEM’s creation is a timid and limited initiative. «The Fund for Structural Convergence and Institutional Reinforcement of Mercosur (FOCEM) aims at deepening the integration process in the Southern Cone through asymmetries reduction, economic incentives and the building of social cohesion among Member States». Available at http://www.planejamento.gov.br/secretaria.asp?cat=156&sub=279&sec=10, Accessed on 7 February 2013.

\(^7\) «The starting point for collective identity construction, as argues Bovero, is the idea of a common good or interest that leads people to affirm an identity by similarity, based on a shared vision of this common good or interest» (Lafer, 2009: 15).

gap regarding the Nation-State. Discourse recognizes regional policies that could weaken the State, whereas actions indicate a state-centric perspective that tends to reinforce national institutions. Second, discourse is still able to generate legitimizing representation, as it competes with citizens’ imaginary and could eventually modify the current situation, even if in a marginal and gradual way.

Brazil’s relative cultural and ideational eccentricity regarding Latin Americanism limits the effects of its discourse. Bolivar had a cautious vision of the Brazilian Empire that contradicts the employment of his ideas by the Brazilian diplomacy. This functional obstacle nourishes Brazil’s non-Hispanic argument, motivating its exclusion and creating a unique position for the country in the continent. This position reduces the discourse’s impact and scope, because both the speaker and listener share a lack of conviction on a common identity. Even if it is repeated, the acceptance of this discourse is compromised and becomes a vulnerable convention (Onuf, 1998: 64).

Brazil’s recent and gradual process of detachment from Mercosur dynamics is also partially due to the intrinsic debility of Brazilian authorities’ discourse concerning regional identity, although the absence of such a discourse would probably accentuate this process. Globalization has contributed to the building of a Latin-American identity anchored on the shortening of time and space variables, which contributes to the increased interdependence on international actors. The Nation-State is thus compelled to adapt to the new demands from the outside through the redimensioning of its identity. As in the bounded rationality concept (Campbell, 2004), the State is called upon to decide on its place within this new power balance.

A leadership instinct has always been exalted within Brazilian foreign policy debates. A territory with continental dimensions, a large population and, more recently, economic reasons have encouraged the notion that Brazil “can renounce many things, but not its grandeur.” By action or inertia, the sole presence of Brazil seems to engender a gravitational effect which influences its South-American neighbors. This impact is related to leadership, from the perspective of Brazilian decisions.

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9 «After starting the Independence process of Gran Colombia (Colombia, Venezuela, Ecuador and Panama), Peru and Bolivia, Bolivar had a preventive behavior towards Brazil. The common identity of Hispanic-American republics produced a differentiation universe founded in three sectors: Iberian Peninsula, North America and the imperial-lusophone neighbor (Galvão, 2009: 74).

10 «Bounded rationality refers to the limited capacities of actors to collect and process important information and use it to make well-informed decisions» (Campbell, 2004: 16).

was meant to respond to the demands of new international regimes, favoring State unity rather than Mercosur regional integration. If foreign policy is understood as a public policy seeking to «translate domestic needs into external possibilities in order to expand a society’s control over its own destiny» (Lafer, 2009: 16), Brazil’s choice does not correspond to Mercosur. As it often happens in regionalism processes, citizens’ identity is still national, especially in Brazil. The international society concept fits better with this reality than the idea of a world society. Although it is increasingly interdependent on other actors in economic terms, the Nation-State is still the main arena for decision-makers, or hegemony, according of many of its partners. The «responsible activism» evoked by Lula’s Minister of Foreign Affairs thus embraced two strategies. The first was based on a regionalist discourse whose results became concrete in institutions like the Parlasur or in «an increasing number of relatively intrusive norms and regulations» (Spektor, 2010: 27). The second reflects a rational choice strategy that

12 According to the instrumental rationality perspective, the reason for this hegemonic exercise is the search for assuring the quality of survival in comparison to the partners (Elias, 1991). This instrumental rationality of positivist nature is not absolute, though. It is limited by cognitive processes and also by historical influences that induce path dependence mechanisms. Therefore, hegemony is here interpreted in a conciliatory way, like Pedersen (2002) or Burges (2008). The hegemony concept may be assimilated to leadership. The difference is that the latter is based on the idea of policy imposition, whilst the second is based on the idea of policy suggestion. In this last case, the objectives of the preponderant actor are also those of his partners (Malamud, 2009).

13 «Brazilian people have given a great demonstration of self-esteem when expressing faithful in the possibility of creatively changing reality. We have to bring this behavior of responsible activism to the field of external action. We will not fail to be an engaged protagonist, always defending the national interest and our values». Celso Amorim, Ministry of Foreign Affairs, 1 January 2003. Available at http://www.itamaraty.gov.br/sala-de-impressa/notas-a-impressa/2003/01/disco-do-proferido-pelo-embaixador-celso-amorim/, Accessed on 11 February 2013.

14 The formulation of foreign policy is gradually less hermetic to public opinion, mainly in countries such as the United States, United Kingdom or France. In Brazil, in spite of the historical isolation of decision-making in foreign policy (Faria, 2008), the interdependence between domestic and external levels seem to admit incipient voices coming from civil society and Legislative and Judiciary powers.

15 «International society exists when a group of states, conscious of certain common interests and common values, form a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with one another, and share in the working of common institutions» (Bull, 2002: 13).

16 «From a Burtonian perspective, identity is a central need for individuals but a need that can be met without conflict. That identity often seems a source of conflicts is misleading – it is the use of state power to buttress an identity that creates conflict» (Brown, 2001: 10).
social relations and for the building of political community\textsuperscript{17}. In addition, this interdependence does not necessarily happen within regionalism processes.

The lack of mutual linkage does not allow Brazil to surpass the interdependence threshold that limits economic integration within Mercosur. In 2009, the bloc was responsible for only 10.3\% of Brazilian trade\textsuperscript{18}, whereas the rate between Germany and the European Union (EU) reached 60.59\% in 2008\textsuperscript{19}. The EU is therefore more essential to Germany than Mercosur is to Brazil, even if the Brazilian percentage includes several industrialized products. Functionally, it is more evident for Germany than it is to Brazil to assume the paymaster role, considering the concrete advantages these countries can get from integration. Therefore, this trade deficiency added to Brazil’s desire to become a global trader that has been guiding Brazilian foreign policy, has contributed to the growing distance between Brazil and Mercosur. However, this distance has not prevented Brazil from developing a form of instrumental activism when it comes to Latin-American regionalism. «In trade negotiations, many times Brazil makes efforts to be recognized as a country that does not speak only for itself, but as an interlocutor that may speak in the name of a group of countries» (Spektor, 2010: 27).

This strategy has not been well received by some South American and therefore has not helped to unblock important negotiations, such as that between Mercosur and the EU. Negotiations were opened in 1994 to be later suspended in 2004. In 2010, an initiative of the European Commission launched new meetings. This commercially difficult decade for EU-Mercosur relations has stimulated Brazil, in spite of its regionalist discourse, to look for alternatives to reinforce its relations with Europe outside the Mercosur framework. The Strategic Partnership between the EU and Brazil was signed in this context, comprising five areas – one of which is named «promotion of economic, social and environmental partnership»\textsuperscript{20}. Even if negotiations cannot include tariffs, Brazil is only allowed to do so with its Mercosur partners, they represent a privileged forum for trade matters and can stimulate changes in Brazilian policy towards regionalism.

Another strategy that reflects Brazilian state-centrism, is the marginal

\textsuperscript{17} «Political community (...) is a condition in which specific groups and individuals show more loyalty to their central political institutions than to any other political authority, in a specific period of time and in a definable geographic space» (Haas, 2004: 5).


\textsuperscript{19} External and intra-European Union trade Monthly statistics, issue number 10/2009.

role of dispute-settlement mechanisms within Mercosur. Juridical instruments regulating this issue – Brasília and Olivos Protocol – have rarely been used by Mercosur members, and even less by Brazil. It does not mean that there are no disputes among them, but simply that they often opt to address them through outside arbitrator institutions, such as the World Trade Organization (WTO). This behavior affects the credibility of the integration process because it expresses the lack of confidence of its members have in the institutions that they have themselves created. It also negatively influences the foreseeable future of this system due to external partners’ unhappiness.

In short, Brazil’s detachment from Mercosur is a result of an instrumental rationality that understands the Nation-State as a central factor in international relations. Mercosur has gradually lost its catalyst position in favor of international regimes that stimulate a more active and diversified foreign policy (Vigevani & Cepaluni, 2007). The costs of adapting Mercosur to this choice in order to increase its legitimacy have been considered too high. The persistent power imbalance that characterizes relations among Argentina, Paraguay, Uruguay and Brazil as well as historical particularities that differentiate the latter seem to block the institutional evolution of regionalism. Deutsch (1981: 224) has remarked that «the problem of the balance of power among members may have been important in the cases of North-American and Suisse federations, for none of the member states in these political communities were much stronger than the others».

The symbolic value of Parlasur cannot be neglected in this context. In spite of its clear limitations in the decision-making process, its institutional edification promotes a debate on legitimacy, due to the fact that it has created a regional public space. Similar to the EU, Mercosur has always flirted with supranationalism. Social and political sectors have often questioned the intergovernmental option, advancing that supranational institutions and the majority rule would be perhaps be best fit to respond to international challenges. The next section deals with the process of creation of Parlasur, aiming to interpret the motivations Brazilian actors and their expectations concerning the role of the new assembly in the Mercosur’s institutional framework. Analyzing this important change in Mercosur may shed light on Brazil’s true policy for regionalism over the past years.

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21 After that the Olivos Protocol entered into force, there are five decisions of the Permanent Revision Court and two decisions from ad hoc tribunals. During the Brasília Protocol, there were ten decisions from ad hoc tribunals. Available at http://www.mercosur.org.uy/t_GENERIC.jsp?contentid=375&site=1&channel=secretaria&seccion=6, Accessed on 21 March 2012.
Brazil’s role in the political reinforcement of Mercosur

In 2003, when Lula became the Brazilian president, Mercosur was still recuperating from a crisis period, probably the most severe in the history of the bloc. The effects of the Southern Asian and Russian financial crises of 1997-1998 were clearly felt in the Southern Cone, a region that had not completely recovered from the consequences of the devaluation of Mexican peso in 1994. By the end of 1998, Brazil was immersed in a monetary crisis that led the country to ask for the support of the International Monetary Fund (IMF). In Argentina, the election of opposition forces in 1999, after the long period of neoliberal reforms conducted by the Menem government, added sensitive political factors to the financial breakdown that was already occurring. As a result, at the end of 2001, President Fernando de la Rúa resigned and the power came back into the Justicialists’ hands. All these events contributed to destabilize the already vulnerable Mercosur: between 1998 and 2002, the gross domestic product (GDP) of member states decreased almost 50% and intra-trade significantly diminished, as well as its importance to national economies (Hoffmann et al, 2008: 109).

Since the beginning of Fernando Henrique Cardoso’s government, Brazil had advocated a purely commercial Mercosur. The Minister of Foreign Affairs at that time stated, «the priority of Brazilian foreign policy must be economic development. Mercosur is above all an economic integration project. Itamaraty works primarily with economic and commercial tasks»22. However, in order to face the effects of the crisis and prevent similar events in the future, Mercosur leaders decided to reinforce its institutional structure (Dabène, 2009: 143). Even the Brazilian liberal government was ready to accept, to some extent, an institutional reorganization as a means towards economic recovery. In 2000, the Common Market Council (CMC) approved decisions concerning macroeconomic coordination, concerted international commercial agreements and harmonized incentives for production and exportation, which constituted a sort of «relaunching Mercosur package» (Hoffmann et al. 2008: 107). In 2002, two new institutions were created: the Permanent Revision Court and the Sector of Technical Assistance of the Mercosur Secretariat. The Court was established by the Olivos Protocol, which modestly reformed Mercosur’s dispute settlement system. It is made up of five arbitrators who are «permanently available» to review ad boc

judgments or to directly decide upon disputes between member states. Within the Secretariat, the Technical Assistance Sector was intended to provide expertise to Common Market Group’s projects and meetings and to conceive new methods and ideas in order to develop the integration process. The four officials hired on a merit basis quickly embodied the general interest of regional integration (Dabène, 2009: 99): their high profiles combined with serious and independent work would stimulate central reforms in Mercosur later on.

In an attempt to revitalize regional integration, Lula proposed the creation of a directly elected parliament in Mercosur in a meeting with the Committees on External Affairs of the Brazilian Congress during his presidential campaign in 2002. According to a civil servant, «I nearly felt off my chair the moment he mentioned the parliament. And a parliament directly elected, which surprised me. We were barely thinking of a parliament, we considered this would be too advanced, and he already wanted it elected!»

On the one hand, this ambitious initiative reflected the strong tradition of the Brazilian Worker’s Party in the field of international affairs, which is based on the idea of international solidarity and on the international dimension of the socialist project. According to a member of PT’s Executive Board, «the international performance of PT has comparison in other Brazilian parties of similar size. Left-wing parties used to incorporate structures of the state, as an international relations branch, while seeking to conquer the state. Right-wing parties usually do not need to do that because they already have the state power, so these structures don’t get developed at the party level. Also, right-wing forces have less legitimacy to act in the international field because they have subordinated the country to external powers for a longtime».

On the other hand, Lula’s proposal reflected a pragmatic plan of investing in Mercosur in order to renew the dialogue with Argentina and to counterbalance ongoing negotiations for the Free Trade Area of the Americas (FTAA).

After the elections, Lula’s government immediately turned its attention to Mercosur. At that time, at least two different positions could be identified within PT concerning regional integration. One pleaded for a political reform of Mercosur in order to steer away from its neoliberal origins by constructing political, social and cultural means for integration. The other considered Mercosur an organization inevitably embedded in a restricted commercial logic, which should therefore be replaced by a broader regional project embracing new fields and all of the South American countries. While the second strategy would progressively gain force inside the government over the years,

21 Civil servant of the Brazilian Congress, author’s interview, Brasília, 13 April 2009.

24 Member of the Executive Directory of PT, author’s interview, Brasília, 4 April 2009.
the first point of view prevailed at the outset because of external constraints.

Indeed, in the beginning of the 2000s discussions regarding the FTAA dominated Brazilian international economic agenda and national debates on trade and foreign policy. Popular mobilization tried to challenge this tendency: social movements and left-wing parties organized periodic demonstrations and even an informal national plebiscite that rejected the agreement with the United States. As a continental free trade area would be incompatible with the rules of a common market in the Southern Cone, the new government considered the reinforcement of Mercosur as a useful method to counter North American economic intentions in the region. «When we arrived, the goal was to adapt Mercosur, to use Mercosur not anymore as a means to reach the FTAA but in favor of an integration project. This had positive and negative aspects, because from an ideal point of view the best would have been to throw everything away and to restart from zero. But this is not possible in the real world. So the politics of the government was to embrace Mercosur without being limited to it, always staring at a step ahead».

Among the team in charge of the foreign policy of his government, Lula had nominated diplomats and politicians who did not support Brazil’s participation in the FTAA. Samuel Pinheiro Guimarães, who later became the secretary-general of the Ministry of Foreign Affairs, had made a strong attack against the FTAA negotiations during an open meeting organized in the Chamber of Deputies in 2001. He argued that Mercosur would not resist a larger area of free trade including the United States and that this would have a negative impact on the Brazilian economy as well as technology. The special advisor for foreign policy of the Presidency, Marco Aurélio Garcia, had played an active role within PT’s external relations branch for years. He was one of the founding fathers of the São Paulo Forum, a network of Latin American left-wing forces created in 1990 that opposed «relations of domination between the United States and Latin America» and sought to stimulate «an autonomous integration» of the region.

Mercosur was thus incorporated into the government’s strategy of resistance to the FTAA. In some respects the bloc as a whole was stronger in raising claims regarding intellectual property and agriculture. Nonetheless Mercosur tariffs and trade regulation became a

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25 Member of the Executive Directory of PT, author’s interview, Brasília, 4 April 2009.
useful framework that limited Brazilian flexibility in reviewing its standards. In 2005, during the fourth Summit of the Americas in Mar del Plata, Mercosur countries decided to officially suspend negotiations considering the persistent refusal of the United States to discuss an eventual revision of the subsidies on their domestic agriculture.

In addition, to counterbalance the United States’ efforts to found the FTAA, the new Brazilian government was also searching to reestablish a positive relationship with Argentina through Mercosur initiatives. Ani-mosities between both countries had decreased since the rapprochement process initiated in 1985 by Sarney and Alfonsín presidencies, but had not totally disappeared. Indeed, the rivalry between Argentina and Brazil is motivated by memories of the past and by a chronic mistrust which is reactivated cyclically (Hirst, 2001: 6). These cycles are usually provoked by negative reactions from one country or the other to unilateral measures in the fields of external trade, macroeconomic policies or international politics, which was the case during Fernando Henrique Cardoso and Fernando de la Rúa’s governments. In 1999, the devaluation of the Brazilian currency cut into Argentinean industries’ competitiveness, inciting strong backlash. Both countries then imposed new tariffs on several products, which instigated serious disputes within Mercosur. In 2001, the Argentinean crisis affected Brazil’s financial market and disrupted bilateral relations once again. By establishing South America as a priority in foreign policy, Lula’s government had to increase the level of confidence with Argentina. As stated by the Minister of Foreign Affairs, «South America is the region which has the closest relation with our social and economic development and where Brazil may have a positive impact and act together with states whose evolution also have an immediate impact over Brazil. Our relation with Argentina is strategic and important. It is essential for us that Argentina does well».

Lula himself affirmed he «cannot imagine Brazil and Argentina apart. These countries must not consider each other as an adversary. We should see ourselves as allies. We will have differences, but they will always be smaller than the need for union between us».

Aiming to consolidate a sincere and open dialogue, Brazil invited Argentina to take part in the Brazilian delegation to the United Nations’ Security Cou-

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ncil in 2003. Strengthening Mercosur, which had gone through «a fairy-tale phase» during the past government, was another way of showing good will to such an important neighbor. The situation of the Brazilian section of the Joint Parliamentary Committee (JPC) was not any better than that of the Mercosur itself in this period. In the Brazilian Congress, «very few people knew about the existence of this Committee. Many people did not think anything of it because it did not have any role, it used to do nothing. I remember the first meetings I participated in, they were meetings where there was no debate, everyone would leave. It had no fundamental role.»

With the beginning of PT’s government, some parliamentarians from the government’s base interested in regional integration were selected to play key roles within this Committee. Their initiatives within the JPC therefore benefited from increased institutional support. Reinforcing the parliamentary dimension of Mercosur became a central tactic in the strategy of redirecting Mercosur to new purposes, once it was decided that it was neither possible nor wise to simply abandon it. «One of the components of our new position, of taking Mercosur and using it in a broader sense, was this idea of injecting participation, first of civil society, and then to construct a democratic institutional structure in Mercosur. The Mercosur Parliament, with direct elections and everything, corresponds to this idea.»

During 2003, different diplomatic tools were used to convince Argentina that a Parliament was desirable in Mercosur. First, traditional diplomacy did its job by enhancing political dialogue with the Duhalde and Kirchner governments and by including this subject on the agenda whenever the presidents met. In a joint declaration of 2003, Lula and Duhalde stated, «Mercosur is also a political project, which shall count on the large participation of all segments of societies of the member states. They agreed that it is important to reinforce the Joint Parliamentary Committee, advancing, after consulting the other partners, in the direction of a Mercosur Parliament, to be elected by direct voting in the future.»

Second, members of the Brazilian Congress employed a means of parliamentary diplomacy to present the potential of a parliament to their Argentinian counterparts. Political discourses,
press statements and interviews were used to reinforce the idea of creating a parliament. Later on, both delegations worked to convince Uruguayan and Paraguayan deputies of this new idea.

Third, Mercosur Secretariat’s newly-hired technical assistants acted tirelessly in order to inform deputies, diagnosing Mercosur’s economic and institutional weaknesses and clarifying potential consequences of installing a parliament over national and regional politics. They saw within the parliament an opportunity to open Mercosur to actors beyond the Executive powers, thus democratizing and eventually deepening integration. They provided technical support for JPC’s meetings and worked closely with the Parliamentary Administrative Secretariat organizing debates and seminars on the Parliament. As a former technical assistant affirmed, «we started a painstaking job, some punctual actions. Any document they needed, any assistance, we were there. We were the technical assistance the JPC had never had. I remember the day when I took a flight to Buenos Aires exclusively to talk with an Argentinean deputy. He was very close to Duhalde and had considerable political weight. He thought that the Mercosur Parliament was a good idea, but he was not passionate. We needed him to deeply believe in the idea and then to talk to Duhalde. I took a day off work and went there because they wanted it to be in my words, they wanted me to go because I would be able to critically answer to his questions».

Not surprisingly, 2003 was a decisive year in the consolidation of Parlasur. This was the time that deputies rejected the proposal of a «merely decorative Parliament» and «presidents said» a more ambitious idea was possible. Argentinean and Brazilian delegations to JPC started working on concrete proposals for the Parliament, which were organized and diffused by the JPC’s Administrative Secretariat in order to facilitate negotiations. Presidents of Mercosur national congresses established periodic meetings in order to discuss the enhancement of the JPC and to develop closer links between Mercosur and national parliaments, considering that the «complete consolidation of an integration process requires the constitutions of a common legislative branch to express peoples’ will».

The CMC’s Work Program for 2004-2006 included «the consideration of a proposal for the establishment of the Mercosur Parliament, to be elaborated by JPC during 2004, following the request of the presidents of Mercosur

34 Former assistant of the Mercosur Secretariat, author’s interview, Bordeaux, 25 March 2010.
37 Declaration of Presidents of Mercosur Parliaments, II Meeting, Asunción, 26 April 2004.
member states». The path towards the Parliament gained force with the victories in presidential elections of Nestor Kirchner in Argentina and Tabaré Vazquez in Uruguay, who were domestic forces which were willing to create new arenas for political debate in Mercosur (Vazquez & Briceño Ruiz, 2009).

In December 2004, the summit celebrating the tenth anniversary of the Ouro Preto Protocol was expected to approve institutional changes in Mercosur, including the installation of the Parliament. However, the meeting was held in a climate of mutual recriminations due to commercial conflicts between Argentina and Brazil and could not deliver the awaited reforms (Dabène, 2009: 146). In addition, any attempt at deepening regional integration was obstructed by the most conservative sectors of the diplomacy, very fond of the intergovernmental model (Dabène, 2005: 39). In fact, Mercosur is seen by most diplomats within Itamaraty as a successful commercial organization that should include neither too many political mechanisms nor a road towards supranationality.

On the one hand, they used it to underline «the positive effects of Mercosur to the economies of the region. This is the filet mignon to any diplomat of the economic area» (Mario Mugnaini Junior, «O efeito Tango», Veja on-line, 18 July 2001. Available at http://veja.abril.com.br/180701/p_084.html, Accessed on 2 September 2012.)

These ideas correspond to the vision of pragmatic institutionalists (also called liberals), who favor conditioned liberalism and support current international regimes (Saraiva, 2010: 47). On the other hand, diplomats stressed the need to avoid models that were conceived in other regions, such as Europe. «I simply don’t accept documents [from the European Union] saying that the agreement with Mercosur is intended to strengthen integration within Mercosur. We don’t need that. The European model is useful to them but should not be transplanted to other regions that don’t need it. Brazil does not have the problem of entering into war with its neighbors. […] Brazil was more reluctant to cede sovereignty during the Fernando Henrique Cardoso government than now. But this still persists because Brazil has a lot to lose when transferring competencies. Trade rates in the Santo André region are bigger than the total of trade exchanges of Uruguay!»

This discourse identifies the autonomist group

39 Member of the Brazilian Ministry of Foreign Affairs, author’s interview, Brasília, 8 April 2009.
41 Member of the Brazilian Ministry of Foreign Affairs, author’s interview, Brussels, 16 October 2008.
within Itamaraty (also called nationalists), who are close to developmental assumptions regarding economy and defend an autonomous international projection of Brazil (Saraiva, 2010: 48).

Therefore, the sole result of the summit in Ouro Preto in 2004 regarding parliamentary reform, was the CMC decision 49/2004. This authorized the JPC to take all necessary steps for the establishment of the parliament until December 2006. Unexpectedly, the JPC managed to complete this duty in time: the Constitutive Protocol of the Mercosur Parliament was ready to be approved by the Council in December 2005 and during 2006 it was ratified by all national parliaments. Parlasur was officially inaugurated during a solemn session in Brasilia, in December 2006, and began its work sessions in May 2007 in its headquarters in Montevideo. The Parliament is composed of 18 parliamentarians nominated by each national congress, but representatives are to be elected in the future by universal suffrage in a number proportional to the population of member states. The Rules of Procedure establish the formation of transnational political groups and a system of different majorities according to which decisions should be taken, thus replacing traditional methods related to consensus and nationality. Nevertheless, the Parliament has only a consultative status and no power over Mercosur legislative procedures.

Parlasur was part of Lula’s government double strategy regarding regionalism. It was a tactic to accept Mercosur and, at the same time, to promote punctual changes in the bloc. In Marco Aurélio Garcia’s words, «regionalism must be framed by guarantees of democracy and efficiency. Fundamental questions of integration require a permanent forum capable of expressing the societies of Mercosur states. The Mercosur Parliament may advance in a progressive and firm manner» 42. Nevertheless, new regional initiatives were launched, closer to PT’s ideas regarding Latin America and Itamaraty’s autonomist principles. In the period 2007-2010 Mercosur was still important, but the weight of regional integration for the international uprising of Brazil had diminished (Ramanzini & Vigevani, 2010: 59). In this perspective, Mercosur was considered «completely insufficient to the demands of integration nowadays. The institutional heritage of Mercosur is much more related to its hegemonic liberal past than to the future of Latin American integration. That is why Unasur or future organizations of Latin American states tend to be more dynamic» 43.

CONCLUSION

This paper aimed to analyze Brazilian policy for regionalism under Lula’s...
government. Mercosur seemed to be the main topic of the external agenda during Lula’s first mandate, while in the second period priorities in the foreign affairs were enlarged and diversified. We have shown that the strategy concerning regional integration did not substantially change during the government, but external constraints did. At the outset, the Brazilian government looked for deeper institutionalization in Mercosur in order to improve relations with Argentina, to avoid economic instability in the region and to counter North American efforts to create a free trade area in the Americas. Once this last trend had been reversed, Brazil was free to invest in more risky projects in Latin America, as well as to intensify ambitious attempts in the international arena prompted by the success of domestic economy and social policies.

The main difference between Fernando Henrique Cardoso and Lula in relation to Mercosur was their discourse: the latter included the idea that integration was a strategic priority for the country. Regardless, this rhetoric may confirm the assumption that to affirm an idea may be a sign of its weakness instead of its importance (Legro, 1997: 35). Mentioning the relevance of Mercosur repeatedly without basing this discourse on coherent practices could attest its deficiencies. Lula’s government did not contribute to concrete progress in Latin American regionalism, which continues to be based on overlapping and low-institutionalized initiatives. Mercosur has become a part of a broader strategy of South-American cooperation and serves as a legitimizing instrument for Brazilian expectations in the region and the world (Ramanzini & Vigevani, 2010: 52). Keeping an inter-governmental apparatus to disguise the lack of productive integration assures the continuity of a low-impact regionalism and shows coherency with the goal of international insertion of the State, instead of concerted insertion within the region.

Over the last decade, Brazil has consolidated its image at the international level, but this credibility was not accompanied in the regional arena, where the country still faces functional difficulties. Moreover, the participation in emerging groups such as the BRICS is characterized by an accentuated unilateralism, seen by the fact that these meetings often reflect the momentary interests of members. The return to unilateralism in political dialogue and bilateralism in trade negotiations, points to the unexpected effects of this strategy in general as well as the critical ones at the regional level. How long will Mercosur States cope with the type of regionalism desired by Brazil? What might happen if these countries search for new international alliances, politically or commercially? These questions refer to the paradox of trying to rebuild international relations.
based on the old idea of the Nation-State. A new model of regulation that favors the reorganization of forces at the international level and a more balanced set of power relations shall result not only from new discourses, but also from innovative practices that surpass state-centric methods consolidated during the 19th century.

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