Latin America: A region in flux

Latin America seems relatively cohesive culturally, politically, and economically. A closer look, however, reveals a significantly diverse political landscape, consisting of countries with more liberalized economies and countries that are not receptive to U.S. overtures such as the Mercosur members and the countries that side Venezuela's brand of leftism. Brazil's emerging power status and China's increasing presence have also had a tectonic impact in the region. All these factors call for a different and more sophisticated U.S. approach toward Latin America and Brazil.

João Augusto de Castro Neves

The fact that in the race for the International Monetary Fund's top job Agustin Carstens lost to Christine Lagarde came as no surprise to the international community. However, the fact that two Latin American powers, Argentina and Brazil, opted to support a European candidate instead of Mexico's central banker is revealing. Somehow, despite the persistent clamor of both countries for more opportunities for the developing world in the top echelons of the global architecture, confirmation of the status quo in the IMF seemed like the best strategy.

The recent election of the new IMF managing director may be yet another example that reinforces tangible changes that have been occurring in the region in the past decade or so. For most of the world (especially the United States), Latin America seems relatively cohesive culturally, politically, and economically. The abundance of regional initiatives and institutions — regardless of their practical results — bolsters that perception. It can seem quite reasonable to think of Latin America as a single entity.

A closer look, however, reveals significant cracks in the idea of a monolithic Latin American political landscape. For Brazil, those fissures began to surface in the 1990s when Mexico decided to join the North American Free Trade Agreement (NAFTA) and the Organization for Economic Cooperation and Development (OECD). Mexico's rapprochement with the developed world seemed to give Brazilian officials an opportunity to rethink Brazil's regional boundaries. As a result, the notion of a uniform Latin America began to lose strategic substance; it was replaced by a more pragmatic attitude toward South America.

What followed was in a sense a diplomatic strategy of concentric circles. Brazil's reconciliation with Argentina in the 1980s created what was to become the axis of Mercosur in the 1990s. When Paraguay and Uruguay joined in, the regional bloc became a regional and

diplomatic priority for Brazil. A second concentric circle encompassed all of South America. In practical terms, Brazil's approach centered on a trade agreement between Mercosur and the Andean Community and a cluster of regional infrastructure projects. The Latin American and Caribbean circle, although given lip service in diplomatic discourse, was paler.

Another cause of these transformations was U.S. policies toward the region. On the economic front, the failure to complete the Free Trade Area of the Americas triggered a U.S. hub-and-spoke trade strategy. After NAFTA the U.S. aggressively pursued free trade agreements (FTAs) with Chile, Peru, Colombia, and most of the countries in Central America. As a result, the regional economic framework today consists basically of more liberalized economies — countries that have FTAs with the U.S. — and economies that are not receptive to U.S. overtures, mainly the Mercosur bloc and the Bolivarian countries that side Venezuela's brand of leftism (the Bolivarian Revolution) .

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On the political and strategic fronts, U.S. policies also stir different reactions in the region. Many leaders in Central America and parts of South America (Colombia) see a U.S. military presence as essential for dealing with domestic and regional problems, such as natural disasters, violence, and drug trafficking. But it is precisely the U.S. military presence that other leaders in the region (including Brazilians) see as part of the problem. Many view U.S. use of military bases in Colombia and the reestablishment of the 4th Fleet by the U.S. Naval Forces Southern Command a few years ago with concern and suspicion.

If these regional trends have been evolving for some time, why should they matter now? Two reasons: First, China. In 2010 China became not only Brazil's — and Latin America's — main trading partner but also an important source of investment. The increasing Chinese presence is seen not only as a threat to U.S. exports but also as a sign of diminishing U.S. influence in the region. After all, China's presence gives countries in the region the possibility of bargaining with two great economic powers.

The second reason is Brazil's emerging power status. Although it may be prudent to view the sustainability of Brazil's rise with a grain of salt, it is impossible to ignore the increasing asymmetry between Brazil and the rest of the region. With or without a diplomatic strategy, Brazil's economic expansion is exerting a growing gravitational pull on neighboring countries. Without some sort of coordination or deeper engagement, more friction might arise between Brazil and the United States when the interests of both countries differ.

During President Lula's administration (2003-2010), for example, Brazil's rising power

status led the country onto a rocky path with the United States not only on regional affairs (Cuba, Colombia, Honduras) but also on global issues such as nuclear proliferation, climate change, and human rights. Since President Dilma Rousseff's inauguration early this year, this situation seems to be changing. Rousseff's early comments and decisions on human rights so far have been interpreted as positive gestures aimed at reestablishing favorable relations with the United States. A state visit to Washington in the near future would reinforce the idea of rapprochement and possibly set a new framework for engagement.

That said, the two reasons — China's presence and Brazil's emergence — combined call for a different and more sophisticated U.S. approach toward Latin America and Brazil. Although Latin American countries obviously have some common political, economic, and cultural grounds, today the dynamics in the region have changed considerably. In some sense U.S. policies already capture some of these nuances, despite the tentative and persistent efforts of recent U.S. administrations to forge a broad (though fuzzily defined) Latin American agenda. In fact, the region was originally defined by exclusion (the United States and the rest). Now, it is time to reconsider that idea.

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