REGIONAL ISSUES IN BRAZIL'S FOREIGN POLICY

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Brazilian foreign policy postures in recent years have undergone some fundamental changes. At the regional level it has followed a twin policy aimed at fulfilling its economic as well as political and strategic aspirations. Brazil had been traditionally circumspect towards its neighbours in the past due to the persisting fears of the feeling of isolation, a luso-African civilisation speaking Portuguese surrounded by Spanish speaking neighbours. In recent years, that has given way to relatively peaceful and co-operative relations with its neighbours. The explicit 'regional hegemonic' postures of the earlier period have been replaced by an attempt to attain a similar position in the region but through the process of cooperation and confidence-building. Today, despite the resources available to Brazil, it is no longer viewed with suspicion and even its neighbours have accepted it as the unofficial leader in the region. To echo the words of Luigi Manzetti, "...Argentina had even acknowledged Brazil's prominent political and economic role in Latin America."¹

The Brazilian foreign policy strategists have devised this changed approach in the economic, and political and security arenas. The economic planning has resulted in the formation of the Mercosur while the politicosecurity has resulted in their strong and decisive presence in the Rio Group. The Brazilian role in the Rio Group as well as in Mercosur, and the position that Mercosur has adopted under the unofficial Brazilian leadership vis-avis the northern strategic block, the NAFTA (North American Free Trade Area) merits attention. The Brazilian foreign policy is no longer openly hegemonic and aggressive but these aspirations have taken on subterrainean dimensions. The discernible difference is the keenness to engage its neighbours in a fruitful and concrete dialogue, unlike the past when its foreign policy was isolationary and overloaded with historical baggage.

Rio Group and Brazil

Brazil had long suffered isolation owing to being a Portuguesespeaking nation in a continent largely dominated by the Spanish speaking

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countries. Moreover, its historically hostile relations with its neighbour. Argentina, had made its position vulnerable in the region. But, of late, this situation had changed owing to a number of circumstances, among them the Brazilian-Argentine rapprochement in a number of fields, including in areas of nuclear energy cooperation and economic integration. Additionally, Brazil along with Argentina has also played a pioneering role in the establishment of the Rio Group. The Rio Group initially had begun with a much larger canvas and had dealt with issues, not only primarily related to security but also to economy, polity and others. The antecedents of this Group can be traced back to the Contradora process that was set up in the early 1980s to deal with essentially the Central American crisis. By the end of 1986, the Contadora and its Support Group had reduced their presence in Central America, but the member countries decided to transform this into a permanent organization for consultation and agreement. It was meant to re-orient and extend their working agenda, which had been originally limited to the issues of Central American policy and, in the economic area (through the Cartagena Group), to the external debt problem that plagued the region. They had found the experiment of Concertación policy-making extremely useful and were reluctant to lose the experience and momentum that they had acquired.

Furthermore, some felt that the excessive emphasis on the Central American problem had circumscribed the ability of the Group to focus on other issues, which, as tensions eased in Central America, which were gaining priority in the foreign policy agenda of their respective governments. Thus, in December 1986, the countries of the Contadora and the Support Groups met in Rio de Janeiro and formally came together to create a new organization, the Mecanismo de Consulta y Concertación Politica, originally known as the Group of Eight.²

Nine main objectives were outlined, all of which aimed at consolidating political cooperation among the governments in the region. In the area of security, two objectives were put forward: one sought to "promote local solutions to the problems and conflicts affecting the region", and the other, to "propel initiatives and actions destined to improve inter-American relations through dialogue and cooperation".³ This mechanism

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was later to be known as the Rio Group. The issue of security was a key element in the origins of the Rio Group in the Latin American Permanent Mechanism for Political Coordination with its immediate antecedents in the Contadora Group and later in the Lima Group that supported the Contadora mediation process. The focus was on a consensus building in Latin America to achieve peace and stability. The increasing escalation and internationalisation of the civil wars in Central America had to be avoided, in order to prevent any unilateral intervention from the United States.

From the presidential gathering held in 1987, the Rio Group formulated observations regarding the impact of the international situation upon the region, referring to the superpower confrontation which still existed at that time and promoting effective participation on the part of the whole international community in security, preservation of peace, and cooperation. Concerning regional security, the Rio Group presidents agreed to support incentives in favour of disarmament and international security, stimulate mutual trust, and encourage the local settlements of disputes in the region. They also agreed that political consensus had to be necessarily based on member countries having shared interests. This would enable the members to increase the leverage needed to secure certain goals of foreign policy and to facilitate dialogue with other blocks, or international actors, that would be interested in negotiating with the region as a whole rather than with a single country. They also worked towards establishing the Group within 'manageable limits' and maintain certain safeguards regarding those actors whose 'divergence from the Group's basic orientation threatened to block the process of decision-by-consensus'.⁴ Although they have differed in emphasis, all the declarations emerging from the presidential meetings of the Rio Group have outlined important notions regarding the maintenance of peace and security, on both the regional and the international levels. However, the document that best reflects the position of the Rio Group towards the subject was the document presented by the Secretary-General called 'An Agenda for Peace'.

The Rio Group has come up against a series of incidents that have



put to the test its postulations concerning the maintenance of peace and security. Gautemala, Haiti, Peru, Venezuela are examples of this. In all these cases, the Group had issued a series of recommendations at reestablishing peace. In the cases of Panama and Peru, both these countries were, at one time, even suspnded from the Group.⁵

Brazil, Argentina and the other larger members in Latin America were key players in bringing back peace to Central America. The various presidential summits only reiterated those concrete declarations that were to be followed by the member countries. In all the 13 Summits that have been held since its establishment, peace and security have included not merely the conventional understanding of the terms, but security encompassed energy and food. Also, significant issues that endanger the whole region like narco-trafficking, terrorism, money laundering had been dealt with. The Group had also reiterated the Argentina sovereignty over the Malvinas (Falkland) Islands, and upheld the United Nations decision to declare the South Atlantic as a Zone of Peace and Cooperation. Brazil's most noteworthy role in this entire process has been in the area of nuclear cooperation. The confidence-building between Brazil and Argentina resulted in the ratification of the Treaty of Tlatelolco signed in 1967, by which Latin America was declared as a Nuclear Weapons Free Zone. Both Argentina and Brazil had renounced their nuclear weapons programme by the Foz de Iguacu declaration on 28 November 1990. But the Treaty was subsequently only ratified in 1993, and then endorsed in the OPNAL (Organismo para la Proscripcion de las Armas Nuclears en la America Latin y el Caribe or Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean) meeting.

Another major development was the Declaration signed on 5 November 1991 by the governments of Argentina, Brazil and Chile; to which the government of Uruguay also adhered. The Mendoza Commitment represented the consensus of the nations, and established their will to support total ban on production, development, acquisition or transference of biological and chemical weapons.⁶ A similar commitment was made in the Declaration of Cartegena, signed on 4 December 1991, where the governments of Bolivia, Colombia, Peru and Venezuela

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reaffirmed in a communique their commitment to the articles and clauses of the Mendoza Accord. Moreover, they announced their intention to become original signatories of a convention on the prohibition of such weapons. In the past, Brazil had also initiated the Pact of Amazonia to deal with the security issues related to states of Amazonia.

Thus, Brazil's policy in the region remains one of enhancing peace and cooperation in Latin America, resolving the region's problems within the available regional mechanisms. Brazil has also played a constructive role in the Peru-Ecuador crisis of the 1990s as well as dealt with the menace of narco-trafficking and money laundering which has beleaguered the whole region.

Mercosur and Brazil

Brazil's involvement with the Mercosur began in 1985 with the establishment of the Argentine-Brazilian Economic Integration Programme, a means of making inroads into Argentina's economy. This regional economic integration has been able to transform the region, which had been historically afflicted by political instability, military dictatorship, arms race, mutual suspicion and hostility. Additionally, these were the problematic issues of hyperinflation, volatile exchange rate, debt crisis and very little inter-regional trade. According to some economists, Mercosur is responsible for the rejuvenation of the Southern Cone's economies. The Treaty of Asuncion remains in principal open to all ALADI (Latin American Integration Association or LAIA) members. "This is the most ambitious scheme of regional integration since the birth of European Economic Community in 1957. It goes beyond NAFTA in scope and its role model is European Union".7 Mercosur resulted out of the decision in the early 1990s which was the culmination of several internal and external factors: the democratisation of Latin America: the international trend towards the formation of regional economic and trade blocks; and a redefinition of Latin America's relations with the United States. Unlike past efforts at integration, Mercosur has two basic advantages: firstly. Mercosur is the creation of democratic governments, and, secondly, it was based on a commitment of trade liberalisation, and is taken forward by governments pledged to broadly macroeconomic policies that controlled



inflation, making it part of 'open regionalism'.⁸ Accordingly, it is often cited that "Mercosur is the fastest growing area in Latin America".⁹

Besides economic reasons, the integration project stemmed from the joint objective of progressing towards an increase of the region's international presence. Also, the equations between Argentina and Brazil changed drastically due to the Argentine defeat in the Malvinas War and the subsequent withdrawal of military forces in both the countries, thereby making security concerns based on military considerations a very low priority. For the civilian administrations that ensued that security took on a new meaning, preservation of regional peace and democracy".¹⁰

Brazilian role has been very significant to this integration scheme. Brazil is Mercosur's largest member. As Brazil has immense amount of control over its neighbours, it has pushed the other members for a wider rather than a deeper integration. Aldo Ferrer points out that the neoliberal model in 1990 resulted in the progressive specialisation of Argentina in exports of primary products and Brazil in export of manufacturers, thus generating Argentina's "Brazilian-dependency".¹¹ Argentina has often referred to the integration as being modelled on the EU, but Brazil has insisted that Mercosur should be union of nation states, based on a consensus. Mercosur is also negotiating free trade agreements within the western hemisphere (FTAA), the EU and South Africa.

Brazil has its own reasons for keeping Mercosur going, not all of them strictly trade-related. To begin with, Argentina with its large consumer market and higher income groups, is an attractive market for Brazilian companies. Brazil tends to gain considerable regional leadership rights as Mercosur's dominant partner. That is why despite the recurrent trade problems between the two countries, the Brazilian Trade Minister Cavalho said that Mercosur is "fundamental" for Brazil's future¹². In August 1994, the presidential summit in Buenos Aires was the turning point in the evolution of Mercosur, or as Juan Manuel Rodriguez put it, the "last opportunity" to save the regional area from extinction.¹³

The Brazilian foreign policy has been based on a two-pronged strategy. On one hand, Brazil's permanent commitment to peaceful co-

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existence and the negotiated settlement of disputes has provided the framework for diplomacy dedicated to international disarmament, nonproliferation and the defense of shared values, such as respect for human rights and promotion of sustainable development. On the other hand, and consistent with the foreign policy principles, Brazil's quest for economic and social development has guided their approach aimed at promoting an increasingly integrated neighbourhood of countries, along with growing exposure to the global economy.¹⁴

> The characteristics of Mercosur as a trade area or as a common market will depend in its part on Brazil's ability to impose its vision of regional capitalist development with itself as the center ... to resist the politico-economic pressure from the United States to open the agreement to the vision of hemispheric liberalization embodied in the Enterprise of the Americas Initiative.¹⁵

For Brazil, Mercosur will give further impetus to the drive to develop via export led industrialisation. The strategy will also involve a close cooperation with international capital. The prospects for a greatly expanded regional market and labour force will make the region in general, and Brazil in particular even more attractive to multinational capital. The Argentine economic well-being is also directly related to the Brazilian progress.¹⁶ Brazil has demonstrated a marked propensity to prioritise domestic industrialization objectives over liberalisation. According to Marcilio Marques Moreira, "Mercosur has so far proven, as a whole, to be a healthy antidote against neo-protectionist temptations! And the spectacular increase in intra-regional trade has not jeopardised Mercosur's vocation as an open block, within the globalised world economy".¹⁷ The future of Mercosur is heavily dependent on the convergence of interests between Argentina and Brazil. If they can overcome their trade conflicts, Mercosur will be able to consolidate itself to the point of being irreversible. There are charges against Brazil that it has tried to impose its 'subimperialism' on the whole region. Yet, despite the economic asymmetries that exist between the various members, Mercosur has been given a success

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story because of the "unprecedented level of *political* and diplomatic cooperation among the states".¹⁸ Thus, the four members had pledged at the Twelfth Mercosur Summit that it would remain, even if FTAA was formed after 2005.¹⁹

While on the other hand, through the FTAA, the US aims to integrate the whole of the America into one economic entity, and resist the challenge of any other regional groups in the era of globalisation. The Enterprise of the America's Initiative (EAI) was the beginning of such an ambitious project by the US. The realisation of this programme was hampered by certain instabilities within the region along with apparently contentious issues, which had to be settled between the US, and its future Latin American partners. Furthermore, the Latin American governments had also generally toed the US line by pursuing profound economic liberalisation policies at considerable socio-political cost, taking a common approach to the region's future viability.

US, Brazil and the Issue of Brazilian Hegemony in South America

The relationship between US and Brazil in the recent past has witnessed its highs and lows. Brazil has been punished at times for its malpractices in trade by the US. Nevertheless, Brazil is probably the only country in South America with whom US deals with prudence. Echoing these sentiments was Warren Christopher, the former US Secretary of State, who commented, "Together, Brazil and the United States share a special ability to help meet the challenges within and among our nations...".20 Brazil's support in Haiti and condemning the Cuban action of shooting down an American aircraft in the Security Council was appreciated by the US. The commonality of objectives between US and Brazil in the Summit of the Americas, like weapons proliferation, terrorism, international crime, and narco-trafficking strengthened the relations.²¹ The US also welcomed the Brazilian stand to join the missile technology control regime (MTCR). and subsequently, the Brazilians signed a space agreement with NASA. Secretary, Christopher stated, "...United States applauds Mercosul for expanding trade and investment in South America... it is vital that Brazil energetically contribute to carrying out the Miami Summit's goal of Free Trade in this Hemisphere, as a whole, by the year 2005".22

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One of the irritants in the US-Brazilian relationship, among others, was the imparting of a 'major non-NATO ally' designate status to Argentina a status granted to no other Latin American country that challenged the Brazilian position in the region. Moreover, President Menem had also openly attacked the idea of giving Brazil a permanent seat in the UN Security Council. Reading deep into the US actions many conspiracy theorists saw it as an American attempt to divide the two main Mercosur partners in negotiations on the proposed FTAA. The Americans in the past remained cool towards Mercosur. But, in recent times Thomas McLarty, President Clinton's Special Representative for Latin America stated that his government was 'fully supportive' of such regional pacts, provided that 'they create rather than divert trade'. The representatives of both the governments stated, "they see Mercosur as a permanent geopolitical alliance and not just a trade pact... and will stay in being, even if an FTAA is formed after 2005".²³

Alongside because of the asymmetries between Brazil and the smaller neighbours, Mercosur has been particularly vulnerable to macroeconomic 'squalls', as in 1995 and 1998. According to many, Brazil was never seriously committed to the 'deepening' of subregional integration and rather saw Mercosur as an instrument to consolidate its hegemony in South America, while being in better position to negotiate with US led NAFTA block. Brazilian policy-makers and corporate leaders "reached a broad consensus in support of Mercosur" only after Argentina, Paraguay and Uruguay agreed to make concessions on the CET.²⁴

Brazil has been accused of having initiated a plan to create a South. American trade block as a bulwark against regional US dominance. Such a proposal was outlined by the Brazilian President in 1993 Itamar Franco, and was presented at a meeting of the ALADI in February 1994. The proposal was for the creation of a South American Free Trade Area (SAFTA). Such a block would be better placed to negotiate concessions for the United States, which is preparing for a FTAA for 2005. According to Carranza, by launching a SAFTA, Brazil was promoting a concept minus Mexico, "a scheme that would be free of the US interference and in

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which the hegemonic role would inevitably be played by Brazil".²⁵ In a similar vein, Alan Larson remarked, "Although the U.S. and Mercosur 'share many economic interests' and agree on basic goals as eliminating corruption and protecting democratic governance, 'trade disputes of one kind or another inevitably will arise in intra-Mercosur relations as well as in US-Mercosur relations. Mercosur certainly deserves credit [but] ... they still have substantial room to move towards more open and more globally competitive economies".²⁶

The SAFTA proposal has several appeals: Firstly, it would dissuade the Argentine from moving towards NAFTA, which would harm the interests of not only Mercosur but also its individual members. Secondly, it was a means to accumulate negotiating power for future negotiations between Mercosur and NAFTA for the establishment of FTAA. Therefore, there was a close link between SAFTA and Mercosur, and at both the fora Brazil played the leading role.²⁷ Carranza further goes on to state that initially SAFTA could be understood as a Brazilian strategy to delay the trade talks of 2005 until it was able to attract more countries to its side on the negotiating table with the US. Thus, the "SAFTA proposal had clearly both political and economic dimensions: to revive an old Brazilian geopolitical project of South America as opposed to Latin American integration".²⁸ Hence, it would not be incorrect to say that SAFTA is a "geopolitical and geo-economic necessity to Brazil to reaffirm its independence vis-a-vis the US".²⁹

Consequently, in the next new round of trade negotiations, the US was not able to impose its agenda for the new round of trade negotiations. But the international financial crisis and the impending recession in most of the South American countries gave the US more leverage in the FTAA negotiations and, which since then has worked towards speeding up the schedule by 2005. Moreover, the US fears that if Mercosur went in for a free trade area with EU and a strategy of 'multiple alliances' with other regional trading blocks like ASEAN, SADC, it would strengthen Mercosur as an international actor allowing it to negotiate with FTAA within NAFTA from a position of strength.³⁰ With all efforts on the part of the US, it could not deter Mercosur from becoming a customs union in 1995. But still the

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US could succeed in freezing this group as an *imperfect* customs union, especially if the Argentine-Brazilian trade disputes continue and if Argentina becomes successful in negotiating with the US in 'dollarisation' of its economy.³¹ Brazil had been partly successful in dealing with its crisis and pursued a vision of South American development with itself at the centre (the Summit of Brasilia) and resists the US pressures to actually finish Mercosur in the name of western hemispheric trade liberalisation. According to Mario Esteban Carranza:

If there is a world slump in the first decade of the twenty-first century, in the absence of the US leadership to complete the FTAA on schedule, the South American countries may be hard pressed to achieve a consensus among themselves on trade issues and SAFTA may come into existence, with Mercosur at its core.³²

Conclusions

Brazil has been consistently following a certain trajectory in its foreign policy. In the past, it had sought extra-regional alliances and a certain legitimacy to support its activities within the region. A certain mindset existed within the Brazilian foreign policy makers which was a result of almost five centuries of hostility that had engulfed it with a fear of a Spanish conspiracy against it led by Argentina. The Brazilians, like the Argentines wished to be the regional leader themselves and feared that its position and stature would be challenged by this Spanish alliance. Brazil, thus, covertly or overtly undertook certain actions to keep this 'alliance' minimal or even non-existing. Its relations with Argentina could, thus, be identified with such an inward looking foreign policy.

Nevertheless, as Brazil and Argentina moved along the path of cooperation, they realised that their mutual hostilities had deterred them from using their vast potentials for development. Real developments need peace and these two nations put aside their hostilities since early 1980. Their cooperation not only lessened bilateral rivalries but also made the whole sub-region more peaceful, and gave peace a chance elsewhere in



the region, like in Central America. States in Latin America now sought to find solutions to the regional problems using their existing regional mechanisms. Moreover, Brazil also realised that although it had not toed the US, still it needed the US support on a number of issues. Furthermore, as the US was preoccupied with the affairs of Eastern Europe and Middle East, it left Brazil with the much needed space to get the South American nations under one umbrella. At the same time, Brazil has to deal with its tumultuous relationship with Argentina which had begun to show cracks, and small irritants between them took on magnified proportions. These have to be settled between the two nations, which could be by bilateral or multilateral means or through the regional economic integration like Mercosur. Brazil also needs to be constantly monitoring the Argentine actions to see that it does unilaterally seek the US help to redress its problems with Brazil, which would enhance the US efforts to spring back into the picture, stronger than ever before. If these essentially bilateral problems could be solved and the US could be kept out of the South America in general, then Brazil can undoubtedly become the regional leader that it has aspired to be since its independence. To quote President Lula, "Brazil's diplomatic efforts will be guided by a humanistic perspective directed, above all else, at providing instruments for the Nation's development".33

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FOOT NOTES:

- 1. Luigi Manzetti, "Argentine-Brazilian Economic Integration: An Early Appraisal", *Journal of Interamerican Studies and World Affairs*, vol.25, no.3, p. 115.
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- 10. Manzetti, n.1, p.109.
- 11. See, Mario Esteban Carranza, South American Free Trade Area Or Free Trade Area of the Americas?: Open Regionalism and the Future of Regional Economic Integration in South America (Aldershot: Ashgate, 2000), p. 194.
- 12. *Ibid.*
- 13. It took the European Community 8 years to become a customs union, whereas Mercosur took only 4 years to do so. See, Carranza, n.11, p. 77.
- 14. Statement by Ambassador Rubens Antonio Barbosa, Brazilian Ambassador to United States, to the Subcommittee on Western Hemisphere, House Committee on International Relations, 26 July 2000, "The United States and Brazil: Strategic Partners or Regional Competitors?", http://www.house.gov/international-relations/wh/ usbrazil/Rbarbosa.htm.
- 15. From hereon the Enterprise of the Americas will be called as EAI. Donald G. Richards, "Dependent Development and Regional Integration: A Critical Examination of the South Cone Common Market", *Latin American Perspectives*, vol.24, no. 6, Issue 97, November 1997, p. 151.
- 16. *Ibid.*, pp. 143-145.
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Brazilian Point of View", in Bjorn Hettne, Andras Inotai and Osvaldo Sunkel, eds.. *National Perspectives on the New Regionalism in the South* (London: Macmillan Press, 2000), p. 172.

- 18. Carranza, n. 11, p. 96.
- 19. *Ibid.* —
- 20. *Ibid.*
- 21. "Shaping a New World: U.S. and Brazilian Leadership in a Democratic, Prosperous Hemisphere", Address before the American Chamber of Commerce, Sao Paulo, 2 March 1996, p.78. The text is available in U.S. Department of State Dispatch (Washington, D.C.), 4 March 1996, vol.7, no.10, p.78.
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