

BRAZIL AND THE REGIONAL LEADERSHIP VACUUM: THE CHINESE-AMERICAN ADVANCE (2011/2016)

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Introduction

From 2003 to 2010, Brazil's international relations had a high-profile action, from the combination of the North-South and South-South cooperation axes, with an emphasis on the second dimension. This emphasis was synthesized in a dynamic of systematic projection of initiatives at the regional and global level, from an agenda focused on issues such as development, social projects, reducing asymmetries and reform of multilateral institutions, readjusting to the new balance of world power in formation.

The built of alliances of variable geometry with emerging nations, the recovery of a stronger presence in Africa, Asia and the Middle East, larger political and economic investment in less developed countries and a vindictory posture in key international forums, composed the agenda of the "active and proud" diplomacy (Amorim 2015) of Ambassador Celso Amorim, then Minister of Foreign Affairs of Luis Inacio Lula da Silva government.

In South America, the reconfiguration meant the continuity of existing integration projects such as the Common Market of the South (MERCOSUR) and the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA) and the launch of new structures: in 2007, the Union of South American Nations (UNASUR) and, in 2010, the Community of Lat-

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in American and Caribbean States (CELAC). The aim was to strengthen the region as a platform for global insertion, through the creation of interregional negotiating mechanisms such as the Summit of South American-Arab Countries (ASPA) and the Africa-South America Summit (ASA) and partnerships with southern (China and the China-CELAC Forum) and northern nations (the European Union, Japan).

The search for alternatives to the relations with the United States and the reduction of political and economic vulnerability facing the hegemon were the background. US regional retreat favored this retreat (Pecequillo 2013), resulting from the American presence in Eurasia in the context of the Global War on Terror (GWT) that started in 2001, after the attacks of September 11 in the mainland, and the operations in Afghanistan (2001/2014) and in Iraq (2003/2011). Both for Brazil and for other emerging countries, this was a period of expansion, with the resizing of their regional and global partnerships and interests, taking advantage of the US vacuum and the potential of these nations, strengthening the process of power decentralization in progress (Visentini 2013).

However, from 2011 onwards, in the Brazilian case, the replacement of such high profile agenda for a low profile one, due to the change of Lula's government to Dilma Rousseff's (2011/2016), brought a turning point to these projects. In South America, the absence of Brazilian leadership reflects in an increase in the presence of China and a counter reaction from United States.

To analyze this context, this article is divided into three parts: an analysis of the Brazilian foreign policy and agenda in South America, the projection of China and of the US in this geopolitical and geostrategic space. The aim is, therefore, to present an overview of this strategic moment, as well as some prospects of this triangulation.

Brazil and South America: Advancement and Regression

The contemporary trajectory of integration for Brazil has three key stages: the South Americanization of foreign policy in the 1970s, the creation of MERCOSUR in the 1990s and the launch of IIRSA in 2000. All these steps make up the process of valorization of South America as a platform for international projection, which culminates in post-2003 initiatives, with the rise of the Lula administration.

Such statement does not mean that before these steps there had not been regional proposals from Brazil to South America or previous integra-

tion agendas, given the case of the Pan American Operation of Juscelino Kubitschek (1958), the Latin American Association (ALAC) of 1960 or the Latin American Integration Association (ALADI) in the 1980s. However, it indicates that the strategic, political and economic investments in these early opportunities by Brazil and partners were not deepened or continued long enough to change the profile of their intra-regional relationship. In contrast, in the 21st century there was a relative greater consistency of the arrangements, which suffer, however, a setback in the post-2011 period.

Briefly mentioning these three steps, the South Americanization of foreign policy corresponds to the foreign policy agenda of the military regime (1964/1985) to strengthen the regional base of Brazil through a reduction of conflicts. The goal was to minimize the level of insecurity in Brazilian borders, particularly in the Southern Cone, lowering the costs of relations with countries such as Argentina, traditionally seen as a threat source. Another dimension was the northern border, due to threats to national sovereignty represented by the low political-economic-social occupation and the growing importance of environmental issues that opposed the Amazonian countries to developed nations in the dispute between conservatism and sustainable development. The unity of this region and its growth and occupation were perceived as critical to prevent the interference of external powers.

The second stage corresponds to a moment of transformation of these internal and external conditions that lead to the economic crisis (the lost decade), to the uncertainties of re-democratization and the “heating” of bipolarity, promoted by the United States under Ronald Reagan (1981/1988) which culminates with the end of the Cold War in 1989. What is observed is a closing of global spaces and a greater relevance of regional dynamics. The bilateral rapprochement with Argentina corresponds to the first phase of this agenda, which is then followed by the creation of MERCOSUR in the 1990s, with the accession of Paraguay and Uruguay.

The 1990s were paradoxical for integration processes, by bringing alignment dimensions and autonomy associated with their consolidation. At first, the alignment was predominantly due to the end of bipolarity and the resumption of a hemispheric offensive by the United States. Both Brazil and Latin America were faced with the continuing loss of international spaces and the economic crisis. To both were added pressures for joining the political and economic neoliberalism.

Neoliberalism, synthesized in the Washington Consensus, had a strong interdependence with the US hemispheric offensive that would apparently break this loss of relevance. However, the only thing that could be observed was the presentation of an agenda of conditionalities and promis-

es associated with such offensive. Notwithstanding, this has resulted on an alignment on the side of Brazil and other Latin American countries.

The American project was composed by three pillars: first, the aforementioned Washington Consensus, organized around the priorities of reducing the role of the state, trade liberalization, deregulation and privatization, cuts in social expenditures, flexible exchange rates; second, the regional integration, especially the proposal for the establishment of a Free Trade Hemispheric (Enterprise for the Americas Initiative) and the North American Free Trade Agreement of United States, Canada and Mexico (NAFTA) and a shared security vision, with an emphasis on the demilitarization of the region, the collective and transnational agenda for dealing with issues such as the environment, human rights, drug trafficking and immigration, good governance and democracy.

At that moment, it was even announced the end of the Monroe Doctrine, and the beginning of an era of unprecedented hemispheric cooperation between the United States and its neighbors. The slogan “trade, not aid” became a symbol of these new times and of the US re-engagement in its zone of influence. However, the image of renewal contrasted with a reality of continuity: there were no reforms in the inter-American system, held in the Inter-American Treaty of Reciprocal Assistance (Tiar 1947) or in the Organization of American States (OAS, 1948) and the economic embargo to Cuba was maintained, as well as the rupture of diplomatic relations.

Despite its autonomist content, in this context MERCOSUR was presented by the newly elected governments of Fernando Collor de Mello (1992/1994) and Carlos Menem (1989/1999) as a complement to the Enterprise of the Americas Initiative. The disruption of Collor’s term would lead to the relativization of the alignments in the case of Brazil, and bring a greater focus on South American integration as a strategic goal, which would continue through the administrations of Itamar Franco (1992/1994) and Fernando Henrique Cardoso (1995/ 2002). Itamar even proposed the creation of the South American Free Trade Area (SAFTA) in 1994, as an opposition to the resumption of the US initiative, the Free Trade Area of the Americas (FTAA).

The mark of Cardoso’s foreign policy was its ambiguity. Initially, it gave priority to “autonomy through integration” with greater approximation to the United States, the resumption of the Washington Consensus and the deepening of North-South relations. This prioritization, however, did not mean the abandonment of MERCOSUR or concessions to the United States in the FTAA negotiations, which yielded FHC numerous criticisms by pro-American sectors. Due to this resistance (and others from multilateral arenas such as the WTO) the failure of FTAA was attributed to Brazil, when in reality the

process was mutually deflated.

The US offensives are cyclical, they only occur when there is a perceived threat to the country's regional interests or opportunities to be pursued, and this was the case in 1989/1990, when the first proposals were presented. Although there was a discussion about the emergence of unipolarity, for the United States the reality was different: one of relative decline amid growing multipolarity brought by the rise of the Europe-Asia axis, with the expansion of the European Union and Japan (and later China) and the need to secure a reserve market for declining US exports. The United States only sought, without great efforts or investments, to preserve their area of influence, disengaging with the reduction of intra- and extra-regional threats and the emergence of other more relevant scenarios (traditionally focused on Eurasia). This phenomenon serves as a background for the 21st century and the crisis in Latin America, as well as for the US power vacuum that increased in this period.

The third stage of integration was inaugurated, initiated by the launch of IIRSA in 2000, in the government of FHC. IIRSA represents the prevalence of autonomy in the South American agendas and the concern for the resumption of the development cycle. This recovery was perceived as essential for countries to overcome the crisis caused by neo-liberalism and the alignment of policy options to the United States. The qualitative leap was represented by the priority of the infrastructure sector to leverage growth dynamics, reactivating the economies and benefiting of their comparative advantages and complementarities.

It can be said that IIRSA was the first opportunity in which the South American countries were able to elaborate a systemic perception of their regional space, identifying vulnerabilities, risk areas and opportunities. More than a pro-unity speech to strengthen the region, IIRSA was the pragmatic and realistic side of that strengthening, with the development of specific projects and the establishment of means to finance them (such as the resources of the National Development Bank, the Inter-American Development Bank and FONPLATA).

This is a time in which prevails a US distancing and significant power vacuum, contrasting with the offensive of the early 1990s. This favors the development of autonomous proposals, in which the United States did not find themselves inserted: they are indigenous agendas that focus on the interests and improvement of South American conditions.

This autonomy does not derive only from IIRSA, but also from the emergence of the "Socialism of the XXI Century" of Hugo Chavez in Venezuela. Such distancing in 2000 results from the presidential elections in the United States, and the Clinton administration's reaction is the implementa-

tion of the Andean Initiative Against Drugs (Plan Colombia) as part of a process of militarization of South America and strategic repositioning. In 2001, this position is derived from the 09/11 attacks, the GWT and subsequent military operations (and as part of the GWT frame, South America was a focus of concern at the triple border Brazil, Argentina and Paraguay).

Although in 2000, the Republican candidate George W. Bush, later president-elect, said that his administration would bring a “Century of the Americas” with an emphasis on cooperation, hemispheric proposals, such as the FTAA, were placed in the background. The militarist unilateral profile of W. Bush put in check multilateralism in general, particularly the economic and opened space for other nations to exert influence in this field.

In the Americas, until 2007 the actions were restricted to timid attempts and of low engagement cost such as the Free Trade Agreements (FTAs) with countries of lower relative weight in the region with whom Americans already had strong interdependence such as Chile, Peru, Colombia and Panama. Chronologically, these FTAs came into force in 2004, 2009, 2011 and 2012, and were accompanied by further negotiations with the countries of Central America. This negotiation resulted in 2007 in the creation of CAFTA (Central America-USA Free Trade Agreement). For Brazil, the Strategic Dialogue was established in 2005, solidifying the existing structures, but without major political-economic progress (the most important was to recognize the power of Brazil as a regional and global power). In 2007/2008 the global economic crisis, with a focus in the United States and the European Union, has given continuity to this detachment process.

There was, therefore, room for growth and expansion of IIRSA. IIRSA was composed by the Integration and Development Axes (EID) and the Sectoral Integration Projects (PSI). In terms of EIDs, ten were presented: Andean Axis, Southern Andean Axis, Capricorn Axis, Paraguay-Paraná Waterway Axis, Amazon Axis, Guyanese Shield Axis, Southern Axis, Central Inter-oceanic Axis, MERCOSUR-Chile Axis and Peru-Brazil-Bolivia Axis. In turn, the PSI were: Instruments for the Financing of Projects of Physical Regional Integration, Energy Integration, Border Exchange Facilitation, Information and Communications Technologies, Air Transportation Operational Systems, Maritime Transportation Operational Systems and Multimodal Transportation Operational Systems.

The entrance of the 21st century and the rise of the new government of Lula maintained that momentum, and the consolidation of a strategic and political vision associated with IIRSA. In 2004, the proposal of the South American Community of Nations (CASA) represented this action, adding to a South-South Cooperation discourse and international projection of the re-

gion. The creation of the ASPA and ASA Summits, already mentioned, is part of this process, as well as of a resumption of the globalist vision. This view retrieves the Third Worldism and expands the alliances of variable geometry such as the IBSA (India, Brazil, South Africa) and the BRICS (Brazil, Russia, India, China and South Africa). The resumption of policies in the Middle East, Africa and Asia, focusing on bilateral relations with China, makes up this agenda.

These initiatives open alternatives, and elevate the importance of South America as a geo-political and geo-economic space, but also of its surroundings such as the South Atlantic (the “Blue Amazon”). Strategically, the Blue Amazon is a relevant passage area between the Americas, Africa and Asia, as a region rich in energy resources such as oil (in particular the pre-salt and gas).

Regarding IIRSA, from 2005, with the Implementation Consensus Based on Consensus (AIC), the first projects began to leave the paper, with some having already been completed, as can be seen in the table below:

Table 1- AIC³

No	Projects	Axis	Millions of US\$	Countries	Situation
1	Duplication of the Highway 14 between Paso de los Libres and Gualeguaychú	MERCOSUR-Chile	780,0	AR (BR)	Concluded
2	Adequacy of the Rio Branco-Montevideú-Colônia-Nueva Palmira Corridor	MERCOSUR-Chile	234,0	UR (AR-BR)	Concluded
3	Construction of the Jaguarão-Rio Branco International Bridge	MERCOSUR-Chile	35,0	BR-UR	Pre Execution
4	Duplication of the extension Palhoça-Osório (Mercosur Highway)	MERCOSUR-Chile	700,0	BR (AR-UR)	Under Execution
5	Railway Project Los Andes-Mendoza (Central Trans-Andean Railroad)	MERCOSUR-Chile	5.1000,0	AR-CH	Pre Execution
6	60-CH International Highway (Valparaíso-Andes Sector)	MERCOSUR-Chile	286,0	CH (AR)	Concluded
7	Northeast Argentine Gas Pipeline	MERCOSUR-Chile	1.000,00	AR (BO)	Under Execution
8	Construction of the Salvador Mazza-Yacuiba Binational Bridge and Border Center	Capricorn	23,0	AR-BO	Pre Execution

³ Elaborated through the official IIRSA documents, Agenda of Priority Integration Projects, of 2011 to 2013.

9	New Presidente Franco-Porto Meira bridge, with a Paraguay-Brazil Border Center	Capricorn	80,0	PA-BR	Pre Execution
10	Construction of the Pailón-San José-Porto Suarez Highway	Central Interoceanic	477,0	BO (BR-CH)	Concluded
11	São Paulo Railway ring (North-South and South extension)	Central Interoceanic	850,0	BR	Pre Execution
12	Customhouse Infante Rivarola-Canãda-Oruro	Central Interoceanic	2,0	BO-PA	Concluded
13	Construction of the Canãda Oruro-Villamontes-Tarija-Estación Albaroa Highway (1st phase)	Central Interoceanic	49,0	BO (PA)	Concluded
14	Toledo-Pisiga Highway	Central Interoceanic	95,0	BO (CH)	Concluded
15	Paving and Improvement of the Iquique-Colchane highway	Central Interoceanic	42,0	CH (BO)	Concluded
16	Recovery of the El Siliar extension	Central Interoceanic	120,0	BO (CH-PE)	Concluded
17	Binational Center for Border Service Desaguadero	Andean	7,5	BO-VE	Pre Execution
18	Customhouse Cúcuta-San Antonio Del Táchira	Andino	2,0	CO-VE	Profile Studies
19	Meta River navigability recovery	Andino	108,0	CO-VE	Under Execution
20	Road Corridor Tumaco-Pasto-Mocoa-Puerto-Asis	Amazonas	373,0	CO	Under Execution
21	Highway Paita-Tarapoto-Yurimaguas, Shipping and Logistics Centers	Amazonas	681,2	PE (BR)	Under Execution
22	Highway Lima-Tingo Maria-Pucallpa, Shipping and Logistics Centers	Amazonas	1.351,3	PE (BR)	Under Execution
23	Francisco de Orellana Port	Amazonas	105,3	EQ	Pre Execution
24	Paving of Iñapari-Porto Maldonado-Inambari, Inambari-Juliacá/Inambari-Cusco Highway	Peru-Brasil-Bolivia	1.384,0	PE (BR)	Concluded
25	Acre River Bridge	Peru-Brasil-Bolivia	12,0	BR-PE	Concluded
26	Boa Vista-Bonfim-Lethem-Georgetown Highway	Guyanese Shield	3,3	GU-BR	Concluded
27	Takutu River Bridge	Guyanese Shield	10,0	GU-BR	Concluded
28	Venezuela (Cidade Guiana)-Guiana (Georgetown)-Suriname (Paramaribo) Highway	Guyanese Shield	0,8	VE-GU-SU	Profile Studies

29	Improvements in the Nieuw Nickerire-Paramaribo-Albina Road and International Crossing over Marowijne River	Guyanese Shield	105,0	SU-GU	Under Execution
30	Exports through postal consignments to PMEs	TICs	5,0	Regional	Under Execution
31	Implementation of the Roaming Agreement in South America	TICs	1,3	Regional	Concluded
Total					14.023,0

In 2007, this resulted in the renaming of the CASA as UNASUR, and the introduction of new arrangements such as CELAC, created in 2010. Among the UNASUR projects, the establishment of the South American Defense Council (CDS) stands out. The CDS and CELAC initiatives represent the consolidation of new autonomy and leadership efforts.

The CDS, and a concern for the development of a strategic thinking to South America, both reflect the resumption of the regional concern over issues that had remained at second plan in the immediate post-Cold War period: the autonomy in the field of security and defense, investment in these sectors, the preservation of sovereignty and non-interference. This initiative offers a counterpoint to US actions in the sector, which oscillate between demanding a minimalist posture of local nations and increasing their physical presence in the region, either justified by the war on drugs, or by threats of transnational terrorism.

The CELAC is in an integration project that expanded Brazilian projection in a traditional area of US interest, Central America and the Caribbean (always seen as the “American backyard”). In addition to the construction of this regional framework, in 2010, Brazil was also involved in the crisis of the political system of Honduras, criticizing the deposition of the elected governor Manuel Zelaya, to whom the country granted asylum. Additionally, the country expanded its actions in Cuba, adding to the traditional political support more concrete measures such as the construction of the Port of Mariel, opened in 2015. This port is an important logistical connection among the Americas and the Pacific regions, North America and European Union and the South Atlantic. Also, the CELAC became, from 2014, a support for the China-CELAC forum.

What can be perceived is that, until 2010, there was a growing progress in South American actions, and an atmosphere of optimism in the future of the region, overcoming its marginalization and crisis in the post-Cold War. The growing presence of China helped the local economic growth through the export of agricultural commodities, energy and minerals, while

the United States remained distant and went through a gradual loss of influence.

From 2011, the relative change of vector of Brazil's foreign policy with the administration of Dilma Rousseff began a period of regress and power vacuum in this South American presence. In rhetorical terms, even due to the continuity of a Workers' Party administration, which capitalized on the successes of the Lula Era, the expectation was that the projects would be maintained. Both in rhetoric and in practice this seemed to be the case in 2011, when there was even a perception of strengthening of UNASUR and the incorporation of IIRSA, with the creation of the South American Council of Infrastructure and Planning (COSIPLAN).

However, what prevailed was an emptying of Brazil's international relations, regionally and globally. How was this emptying and change of vector made of? What are the results of this retreat?

In contrast to the period 2003/2010, the first term of Dilma Rousseff was characterized by a low-profile performance. This performance was composed by a minor exercise of presidential diplomacy by Rousseff, both in regional and global forums, an attempt to reduce criticism and to approach the US to contemplate the pressure of internal opposition. Some events that epitomize this dynamic were the visit, already in March 2011, of President Obama to Brazil, and the expansion of the Strategic Dialogue, and the increasing focus on the European Union-Mercosur negotiations.

It should also be noted that this visit also occurs in the context of continued loss of US space in Latin America to China. In 2010, China became, in the case of Brazil, the largest individual partner of the country, surpassing the United States, seen in Table 2:

Table 2 - The Commercial Exchange: Brazil, USA and China (US\$ FOB)

Year	Exports	Imports	Final balance
2003	16.728.079.047 (22,85%)	9.569.454.702 (19,80%)	7.158.624.345
	4.533.363.162 (6,19%)	2.147.801.000 (4,44%)	2.385.562.162
2006	24.524.748.523 (17,80%)	14.657.479.678 (16,05%)	9.867.268.845
	8.402.368.827 (6,10%)	7.990.448.434 (8,75%)	411.920.393

2010	19.307.295.562 (9,56%)	27.044.361.398 (14,88%)	- 7.737.065.836
	<i>30.785.906.442 (15,25%)</i>	<i>25.995.419.005 (14,08%)</i>	<i>5.190.487.437</i>
2014	27.027.771.514 (12,01%)	35.018.330.949 (15,28%)	- 7.990.559.435
	<i>40.616,107.929 (18,04%)</i>	<i>37.344.985.579 (16,30%)</i>	<i>3.271.122.350</i>
2015	24.079.945.544 (12,60%)	26.471.345.593 (15,44%)	- 2.391.400.049
	<i>35.607.523.612 (18,63%)</i>	<i>30.719.405.022 (17,92%)</i>	<i>4.888.118.590</i>

Obs. China's data are in italic

Source: data from MDIC (2015/2016)

This was an unprecedented event in bilateral relations and was not restricted to Brazil in the region: China gained ground in several South American countries, becoming the first, second or third trading partner, even in nations of traditional alignment with the United States like Chile that, since 2004, held an FTA with the US (as indicated in Table 3).

Table 3 - China's Commercial Expansion

Country	China as Exports Destination		China as Imports Origin	
	2000	2014	2000	2014
Argentina	6	2	4	2
Brazil	12	1	11	1
Chile	5	1	4	2
Colômbia	36	1	9	2
Venezuela	35	1	18	2

Source: data from ECLAC, 2016. Elaborated by the authors

There was, therefore, a double pressure on hegemony, coming from Brazil and China in their preferred area of influence that, in the post-2011, began to undergo some changes. The strategic triangulation Brazil-US-China seems increasingly more like a US-China bipolarity. After all, from 2011 to 2014, the South American projects evolved, but at a slow pace, and began to be affected by the reality of the political instability and economic crisis in Brazil. Regarding the economy, in fact the whole region began to feel some loss due to the decrease in the Chinese demand for commodities. Investments in COSIPLAN were significantly reduced, leading to suspension of project stud-

ies and delays in constructions in progress. In addition, regional and global Brazilian performance tended to show itself as increasingly apolitical, reducing the strategic content of international relations to commercialist actions.

Inconsistency took place on the external agenda: the rapprochement with the Americans was a priority for Dilma's administration at the beginning but, from 2013, it was replaced by conflict due to the espionage case by the US National Security Agency (NSA) denounced by Edward Snowden, followed by stagnation, even with the visit of the President to the US in 2015. Defined as "visit for work", Rousseff's travel to Washington aimed at minimizing the crisis generated by the cancellation of the "State visit" in 2013.

This situation only worsened from 2015, deepening until May 2016, in the light of corruption charges and forwarding of the impeachment process. Thus, opposing a decade of progress, there has been a series of setbacks, whose consequences, beyond the loss of space and leadership, are the increased regional instability, the emptying of integration projects, the consolidation of China's presence in South America and the deepening of US hegemonic counter reaction. Beginning even before the end of the Lula government, these movements have been intensified in the post-2011 in the Brazilian power vacuum.

China's Action

Gilberto Freyre in some studies referred to Brazil with a rather curious term "tropical China," because in his view, as in China's case, beyond the territorial size, Brazil had "a cultural absorption power" and some Eastern cultural traits. And when analyzing the behavior of the United States, he affirmed that the country should pay further attention into South America, and particularly in relation to Brazil he said:

Especially for tropical China - Brazil - which here begins to set itself as a half power, while the other China has affirmed itself vigorously as power. Two Chinas whose presence in the modern world tends to become increasingly significant. (Freyre 2011, 201)

In the same article, originally published in 1959, he wrote

The US unpopularity in Latin America may derive largely from the fact that the "American colossus", as sometimes the Latin Americans call that nation, is, in their eyes, a great power with virtually no competitors (...). (Freyre 2011, 187)

In fact, 50 years after the publication of this text, some changes seemed to reinforce the first citation and change the scenario depicted in the second. At the end of the first decade of the 21st century, Brazil was appointed alongside China as one of the emerging powers in the international system. At the same time, it could be seen the expansion of Brazil's influence in South America and a growing Chinese economic presence, while there was a relative reflux of the United States. From 2010 to 2016, there were significant changes. The domestic economic problems eventually weakened Brazilian foreign policy for South America, while China deepened the construction of a foreign policy aimed at strengthening the economic ties with the region. And the United States began their reaction.

The main aspect of the change of China's foreign policy towards Latin America and the Caribbean was the aforementioned China-CELAC Forum. First, the creation of the Forum represented the inclusion of the region in the foreign policy and cooperation model established with Africa through the China-Africa Forum in 2000. Second, it makes China's relations with the region leave the mainly commercial sphere to gain a more political and strategic character to the extent that the projects to be financed by the Chinese are in line with China's economy supply needs. Just as in Africa, China does not impose conditionalities of political order in the agreements, but evidently the projects revolve around actions that reinforce the linkages of the economies in the region with China, which ultimately results in significant political and strategic consequences .

As already seen, at the time of creation of the Forum, China was either the main or second largest trading partner of most South American countries. Economic growth, which favored most governments in the region since the early 2000s, was basically due to the growing Chinese demand for commodities, which allowed the increase of both export volumes and prices, creating a favorable environment regarding the terms of trade. In 2003, China accounted for 5.4% of world imports and in 2014, 10.5%, while the United States reduced their share in the same period from 16.9% to 12.9% (WTO 2015a). The role of exporters of primary products that characterized the countries of the region was strengthened by China's attractiveness. Even Brazil, the most industrially developed country in South America, suffered the effects of the both the process of primarization of exports and of the deindustrialization resulting from the difficulties to compete with Chinese industrial production considering the smaller structural competitiveness of industrial companies located in Brazil and, circumstantially, from the appreciation of the real exchange rates which aggravated the situation.

The contradictory consequences of commercial integration with China were only seen later, when its effects were already quite pronounced. Initially, only the favorable political and commercial aspects were noted, less dependence on the US market and a sharp increase in the volume of exports. Even Chile and Peru, countries with free trade agreements with the United States, found in China a more promising economic partner. Of the largest countries in Latin America, only Mexico was not much affected by China's rise in 2014, only 1.5% of Mexican exports went to China, while 80% went to the United States (WTO 2015b).

China's rise has also affected the cohesion of the South American integration project. Given the difficulties of Brazil to lead this process and offer development alternatives, the attractiveness of economic ties with the Asia-Pacific increased, especially for Chile, Peru, members of APEC (Asia-Pacific Economic Cooperation) since 1994 and 1998 respectively, and Colombia, candidate for membership in APEC since the 1990s. The three, along with Mexico, in APEC since 1993, created the Pacific Alliance. Former Peruvian president, Alan García, one of the drivers of the process, wrote:

We can coexist with China in a constructive and productive manner, building greater trade and productive joint blocs. The Pacific Alliance, that integrates Peru, Chile and Mexico should facilitate and boost its shared services and investments, its exports linked to their value chains and the seasonal complementation of its agroindustry, leaning towards the most significant blocs of buyers, mainly with China. (García 2013, 180)

Alan García's analysis highlights two important aspects for the region, one already treated, the obvious rise of China, and, on the other hand, the most important aspect, the need for joint policies among countries in the region to respond to this rise. Strengthening integration could be a strategy to build an association with China that would at the same time leverage export growth while promoting development. However, the Pacific Alliance will hardly play this role, considering the structure of the Mexican economy, the strongest link of the block is with the United States. A successful strategy in this sense would go through the leadership of Brazil, and should be built by UNASUR. But in no time the region has been close to a consensus on a coordinated development strategy for the relationship with both China and the United States.

The creation of the China-CELAC Forum reflects China's ability to guide the form and agenda of relations with the region, and thus a relative weakening of Brazil. Within the BRICS, Brazil is, in theory, between equals, it is a type of non-hierarchical institutional arrangement. Multilateralism in

the Chinese manner present in the Forum places the countries of the region and, therefore, also Brazil, in a relatively inferior position to China: it is a kind of relationship in which one party, Latin America and the Caribbean, makes demands for help and the other party, China, occupies the position of aid provider. Although there is no conditionalities as traditionally made by Western powers or the World Bank and the Chinese discourse emphasizes the horizontal logic of South-South cooperation, the relationship does not cease to be hierarchical. The allocation of resources by China highlights the inequalities in political and economic power. For example, the conference of Chinese Premier Li Keqiang in ECLAC in 2015:

Specifically, we propose to explore the “3X3” cooperation model that is based on three joint paths: logistics, energy and computing; a virtuous interaction between companies, society and the government and the increase of financing channels, such as investment funds, credits and insurance. In order to promote the increase on the aggregated value of Latin America and the Caribbean export itens our government is stimulating Chinese enterprise to invest in the region and to cooperate with its countries to fully process energy, mining and agricultural products, as well as the fabrication of machinery and construction materials, iron and steel industry, and chemical and food ones. Together, we can explore the possibility to establish special economic zones, industrial areas, and also promote talks to facilitate trade and investment, among other issues pertaining free trade agreements. At the Summit, I also announced the creation of a special industrial cooperation fund amongst China and the region, and our country will contribute with 30.000 million dollars in order to support the concrete materialization of our cooperation in the matters of productive capacity and investments. (Li 2016, 26-27)

Within the Forum, there are also actions carried out aimed at increasing the social and cultural connections between the region and China, with the China-Latin America and the Caribbean Business Summit, the Forum of Interchange between China-Latin America and the Caribbean Think Tanks, the China-CELAC Political Parties Forum and the Forum of Friendship between Civil Societies of China-Latin America and the Caribbean. This part of the soft power may be the aspect in which China will find it more difficult to expand its influence in the region, given the cultural and social dominance of the United States, often reproduced and expanded without any direct state control.

By analyzing the challenges posed by the rise of China for Latin America and the Caribbean at a time of slowing Chinese economy, ECLAC (Li 2016, 19) argues that “building a partnership for development between

China and America Latin would be beneficial for both parties, but it requires a global governance". And in this respect another deficiency of Latin-American States appears, the low state capacity to define policies and properly implement them, which ultimately extends the power of China itself to set priorities in terms of policies and necessary works to the deepening of relations with Latin America. And this aspect challenges the output proposed by ECLAC, to change the nature of the ties with the Chinese economy to reduce dependence on exports of primary products. The emergence of this bond depended more on systemic factors engendered by the Chinese growth and the Chinese government's policies than on the result of policies adopted by Latin American countries. Some did not have the option of exporting other types of products, and countries which had such an option, such as Brazil and Argentina, have not been able to formulate policies to address the results generated by China's dynamic and the global market.

Even though China reiterates insistently that it is in a peaceful process of development, its growth has already caused systemic results with the redistribution of power in the economic sphere. And, in the political aspect, the approach to Latin America seems to consolidate a departure from the principle of Deng Xiaoping, *tao guang yan hui* (TGYH), "We will only become a great political power if we keep our low profile (TGYH) and work hard for a few years, than we will have greater weight in international affairs (Deng Xiaoping apud Chen and Wang 2011, 197). Today, there is no question about the Chinese political and economic presence in Latin America, a region traditionally under the United States influence. Therefore, China's performance does not go unnoticed. Still without a military expression, it is undeniable the Chinese willingness to participate in a geopolitical and geoeconomic competition for Latin America and the Caribbean.

The US Reaction

As discussed, the US presence in Latin America, particularly in South America, was characterized by two distinct periods after the end of the Cold War: the offensive of the 1990s and the distancing of the first decade of this century. This detachment allowed an expansion of initiatives by Brazil, South America and the increasing presence of China, strengthening the dynamics of intra and extra-regional partnerships based on South-South Cooperation.

Given this context, which is not restricted to South America, but extends to the entire international system, synthesized on the idea of multipolarity and deconcentration of power, represented by the rise of emerging econ-

omies, the United States invested in a process of hegemonic counter reaction. Initially, a process focused on the strategic pillars and that later extends to a political-economic dynamic.

The first steps begin in W. Bush's administration through strategic actions, such as a focus on the militarization of hemispheric relations. This militarization adds to projects already in progress as Plan Colombia and the definition of the Triple Border as a risk area, and includes changes to the Southern Military Command (USSOUTHCOM). These changes relate to the reactivation of the Fourth Fleet in the South Atlantic since 2004, the increase of investments in the USSOUTHCOM and the creation of a new military command in 2008, with projection over the African continent and the South Atlantic (USAFRICOM). In 2008, a new war on drugs begins, the Merida Initiative, on the border with Mexico.

From 2009, these strategic proposals were continued under President Barack Obama (2009/2016). Despite its initial focus on economic recovery, democratic management intensifies the reaction in Latin America and globally against the emerging countries, despite its speech of positive engagement. Such speech was present in the National Security Strategy of 2010 (NSS 2010) when these nations, including Brazil, were defined as new centers of power.

In other rhetoric, Obama and senior government officials as the then Secretary of State Hillary Clinton criticized the projection of emerging powers and their "imperialist" pattern of South-South Cooperation. The charges are double folded: first, the dismantlement of the multilateral order from the pressures for reform of governance (advocated by Obama, but under a new standard, more gradual and less deep) and, second, the exploration of countries with smaller relative power over their resources, in an asymmetrical relationship. To this rhetoric reaction, a practical dynamic is added since 2011, conditioned by the American economic recovery that allows the country to pass from the defensive to the offensive.

Some initiatives are noteworthy. In the Americas, the United States supports the establishment of the aforementioned Pacific Alliance, an organization directed towards free trade without political-strategic aspirations of regional integration, offering a counterpoint to the processes led by Brazil. The same tactic to focus on trade-related negotiations, which pressures Brazil and China, trying to occupy spaces of action of these powers in the South Atlantic and in the Pacific, is the launch of the talks of the Trans Pacific Partnership (TPP) in 2011 and the Trans Atlantic Trade and Investment Partnership (TTIP) in 2013.

In October 2015, the TPP trade agreement came into force, composed of Australia, Brunei, Canada, Chile, United States, Japan, Malaysia, Mexico,

New Zealand, Peru and Singapore. On occasion, this initiative was defined as “the largest trade agreement in the world.” Again, it reproduces US actions to establish free trade agreements with nations with whom it has strong interdependence via FTAs already in progress or integration projects such as NAFTA. However, the TPP was not just a trade agreement, which exclude the BRICS, but also a strategic treaty whereby there (in fact) is a repositioning of troops. Such repositioning aims to pressure China, Russia and India, making a bridge with USSOUTHCOM, the USAFRICOM and the Pacific Military Command (USPACOM).

In turn, the TTIP, known as “United States-European Union Bilateral Treaty” continues its negotiations, held in secret. The transatlantic area already has strong interdependence, and aims to restrict the access of emerging markets to the north. A similar attempt was held previously during 1994-1995 for a possible TAFTA (Transatlantic Free Trade Area) but was unsuccessful. If completed, the TTIP, next to the TPP, not only brings real pressures on the South, but also on the multilateral system of the WTO negotiations.

In the regional environment, Obama did not advance any new proposition of a hemispheric free trade zone, but in December 2014, he announced a major change in the inter-American system: a resumption of diplomatic relations with Cuba, a traditional piece of Cold War politics. This recovery has both internal and external reasons: the desire to pressure the Cuban conservative interest groups and to approach the new generation of Hispanic voters, strengthening the Democratic Party in this electoral base domestically and to contain the Sino-Brazilian advances in the region externally, breaking the isolation of the United States. At the light of such resumption, the Secretary of State John Kerry also announced the new end of the Monroe Doctrine in 2014.

This resumption empties part of the criticism of the US in Latin America, at a time of Brazilian and Venezuelan leadership fall (in constant crisis since Chavez’s death). It also prepares the ground for the future US president to take over, in 2017, to continue the political, economic and strategic offensive, regardless of whether being Republican or Democrat.

In the case of the bilateral relationship, the post-2013 rapprochement culminated with the aforementioned work visit of President Dilma to the United States and some concessions, such as the opening of the market to Brazilian meat products, the establishment of the Global Entry (special visa for entrepreneurs), statements of mutual support and various memoranda of understanding (the last, on April 2016 about infrastructure). In practical terms, nothing has changed, mainly due to the Brazilian crisis and the continuity of opposition pressure for preferential bilateral relationship over the

previous globalist policy. Even China continues, in spite of these negotiations, the main individual partner country. It predominates here, too, the low profile and meanwhile the United States, as well as China, advance in the Brazilian power vacuum.

Final Thoughts

During these early years of the 21st century, South America has become a major geopolitical and geoeconomic player given the priority of the regional integration process, especially, by Lula, Kirchner and Hugo Chavez. In this process, the Brazilian role in both regional and global levels was fundamental to generate consensus and a favorable outlook on the long-term effects of regional integration. However, since the beginning of Dilma Rousseff administration, this process ebbed. Initially, because foreign policy has ceased to be a priority in the presidential schedule, causing a decrease in the Brazilian protagonism, a low profile stance was adopted. This process was deepened over the subsequent years, to the extent that Brazil plunged into political and economic crisis. With the crisis and the prioritization of internal problems, there was an emptying of the integrationist agenda and the power of attraction of Brazil on its neighbors declined.

In this context, the Pacific Alliance gained relevance, which indicated the exact protagonism of the United States and China in the region. Due to the priority given to the issue of terrorism and the failure of the FTAA negotiations, the United States relatively distanced itself from South America, which gave opportunity at first to the Brazilian leadership and to the growing Chinese presence. With the emptying of the Brazilian leadership, China and the United States are reassuming this role. And the recent government changes because of electoral defeat or political weakening of governments increase the size of the challenge facing South America. It is still possible to work for autonomous policies based on regional integration that would enable a more sovereign relationship with both United States and China. However, if the integration projects and political conciliation attempts are abandoned, the new structural pattern of economic and political relations in South America with China and the United States tends to be consolidated, and the changes will be much more costly, and States in the region, and even Brazil, can become mere pawns in China and US' power game.

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ABSTRACT

The first decade of the 21st century was characterized by Brazil's action in South America. However, since 2011, there was a setback in the country's strategic, economic and political investments in integration, allowing the projection of the US and China. The aim of this article is to analyze this context.

KEYWORDS

Brazilian Foreign Policy; China; United States.

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