

## **THE LIMITS OF REGIONAL AUTONOMY: BRAZIL AND THE MULTISCALAR POLITICS OF EMERGING POWERS**

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### **Abstract**

The appeal of regionalization can best be understood as much a reaction to marginalization within the institutions of global governance as a gravitation toward the benefits of proximity-enabled cooperation with neighbouring states. Building on insights from Hirschman's concept of institutional exit and Buzan's regional security complex theory, this article conceptualizes regionalization as a process driven by both centrifugal and centripetal dynamics. Accordingly, global institutions privilege the interests and norms of the established core, thereby constituting the primary push factor in this process. By contrast, regional platforms exert pull effects by offering greater policy autonomy, normative convergence, and issue proximity among economies sharing similar structural attributes. The article treats Brazil's regional strategy from the early 2000s through the mid-2010s as an instance of this global transformation. During this period, MERCOSUR and UNASUR functioned as the primary vehicles for fostering a post-neoliberal alliance among South American nations centred on collective industrialization and autonomy. This endeavour, however, failed to deliver the desired outcomes and ultimately lost economic viability. The superior returns offered by China's ever-growing demand for Brazil's agribusiness redirected Brazil's priorities beyond its immediate region, revealing the structural limitations inherent in South-South partnerships.

### **Keywords**

Global Governance; Emerging Powers; Brazil; Regional Security Complex Theory.

### **Resumo**

O apelo da regionalização pode ser melhor compreendido tanto como uma reação à marginalização no seio das instituições de governação global, como uma atração pelos benefícios da cooperação facilitada pela proximidade com os Estados vizinhos. Com base nas ideias do conceito de «saída institucional» de Hirschman e na teoria do «complexo de segurança regional» de Buzan, este artigo conceitua a regionalização como um processo impulsionado por dinâmicas tanto centrífugas como centrípetas. Assim, as instituições globais privilegiam os interesses e as normas do núcleo estabelecido, constituindo, assim, o principal fator de empurrão neste processo. Em contrapartida, as plataformas regionais exercem efeitos de atração ao oferecer maior autonomia política, convergência normativa e proximidade temática entre economias que partilham atributos estruturais semelhantes. O artigo aborda a estratégia regional do Brasil desde o início da década de 2000 até meados da década de 2010 como um exemplo desta transformação global. Durante este período, o MERCOSUL e a UNASUL funcionaram como os principais veículos para fomentar uma aliança pós-neoliberal entre as nações sul-americanas, centrada na industrialização coletiva e na



autonomia. Este esforço, no entanto, não conseguiu produzir os resultados desejados e acabou por perder viabilidade económica. Os retornos superiores oferecidos pela procura cada vez maior da China pelo agronegócio brasileiro redirecionaram as prioridades do Brasil para além da sua região imediata, revelando as limitações estruturais inerentes às parcerias Sul-Sul..

### **Palavras-chave**

Governança global; Potências emergentes; Brasil; Teoria do complexo de segurança regional.

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### Introduction

The sudden end of the Cold War set in motion a gradual yet decisive reordering of the global power hierarchy. Thus, the intellectual lenses through which the world capitalist system had long been seen began to lose much of their analytical purchase. One of the most ingrained of these was the binary division between a Western core and a Southern periphery. The dramatic surges in the industrial and financial strength of China, India, and some other states, such as Brazil, have already undermined those mental frames that once comfortably structured both scholarly analysis and policy practice. While few doubt that these developments testify to the presence of a structural transformation, there remains far less consensus on whether regionalist endeavours will deliver the desired outcomes and persist as durable components of the global order in the future. Brazil offers a particularly useful entry point to evaluate both the limits and promise of regionalism as a developmental policy for emerging states.

This article advances three overlapping claims. First, it proposes that emerging powers' proclivity to build regional institutions reflects eroding trust in the self-proclaimed universality of the liberal international order. It is increasingly less disputed that global governance, with its established institutions, lacks the ability to evolve in accordance with changing power balances. Second, it argues that regionalism may help emerging powers achieve economic development only if it coincides with a favorable global economic climate and with political leadership committed to the cause of South-South cooperation. This point is particularly relevant to the case of Brazil's regionalist endeavour, which reached its zenith during the global economic boom of the early 2000s and under the guidance of Lula. Third, drawing on Brazil's brand of regionalism, it posits that regionalism is not immune to reversals and, in fact, has contested viability in the face of the structural restraints of global capitalism.

One influential strand of scholarship construes the regionalization associated with the rise of new economic hubs as a form of competitive institutional pluralism. This view stands in sharp contrast to that of its pessimistic contemporaries, which, as will be elaborated, predict the ascendance of new players as the opening phase of an inevitable systemic rupture. Proponents of the optimistic side of this debate downplay these



concerns, arguing that, even if what has been observed signals a period of power transition, the liberal international order could still provide space for accommodation, incremental reform, and negotiation. Bernal-Meza (2016, p. 22) opines along the same lines, substantiating that the systemic disorder resulting from power transitions does not deterministically cause systemic collapse. As Katzenstein (1996, p. 130) proposes, enabling reforms for the selective incorporation of new players and their divergent interests can conceivably culminate in greater stability and cohesion.

More sceptical accounts take issue with this deep confidence in the ability of liberal institutions to adapt to ongoing change. Realist perspectives, for instance, problematize the view that regionalization will cause no trouble and instead function as a non-disruptive extension of global governance. Following Schweller (2011, p. 287), the long-term degradation of the old guard's power base will inevitably pave the way for a world order no longer "anchored in predictable and relatively constant principles." Accordingly, what lies ahead is not a retreat of emerging powers from existing global rules, but a gradual decomposition of the mechanisms that once facilitated interstate cooperation—as Western dominance wanes (Schweller & Pu, 2011, p. 45). From this pessimistic vantage point, regionalization results in neither a final dissolution of global governance nor a smooth adjustment; rather, disagreement is expected to become both persistent and institutionalized.

As is apparent from the landscape, present scholarship on regionalism offers a polarized view, either framing regional institutions as compatible additions to the liberal international order or labelling them as precursors to chaos and rupture. This article takes an alternative approach. It instead defines emergent power regionalism as a selective retention and partial relocation. It is a calculated effort to transfer certain issue areas to regional sites but, critically, without fully relinquishing representation in existing institutional arenas.

This paper argues that contemporary regionalism means neither a retreat from nor a "discursive conflict" (Gramsci, 1971, pp. 13) against the existing norms of global governance, but it is still far from being an adaptive extension of the post-World War II world order. This article reads these alternative, regional institutional scales through Albert Hirschman's concept of "exit," conceived not as abandonment but as relocation. Hirschman (1970; 1978) held that actors disaffected by prevailing institutions may choose to "vote with their feet" by reallocating their involvement to arenas perceived as more attuned to their values, preferences, and priorities. Contextualized within international politics, the regionalization of governance is indicative of a *partial* exit from extant institutions regarded as culturally skewed, ineffective, and inflexible.

This retreat from institutions with a global reach coincides with a no less powerful pull toward region-specific institutions. As Barry Buzan observed shortly after the end of the Cold War, security relations and policy interactions tend to cluster regionally rather than globally (Buzan, 1991). This insight later became the main tenet of his infamous Regional Security Complex Theory. It theorizes that geographical proximity determines the frequency and the strength of security interdependence among states (Buzan & Wæver, 2003, p. 44-45). Although military issues were the primary concern when this theory initially developed, it has since been extended to include issues as wide-ranging as



economic vulnerability, cross-border immigration, and environmental degradation—some of the matters that are spatially concentrated and inaptly managed at the global level.

Brazil's experience with regional integration yields several lessons. The most consequential one of them, as this article shows, is that by coordinating regional states toward common goals, lowering transaction costs, and constructing region-specific institutions for development, regional integration may indeed expand possibility horizons. Yet, despite the growth that MERCOSUR and UNASUR helped spur, Brazil's regional development plan failed to reduce structural dependence on global financial flows and export markets. In Brazil's case—which may extend to other regionalisms to a certain extent—regional institutions did not replace the role of their global counterparts in a durable fashion, instead functioning as mechanisms contingent on domestic political support and favorable extra-regional circumstances.

### **Emerging Powers and the Regionalization of Global Governance**

The emerging powers' revisionist discourse has roots within the historically constituted inequalities of the global political economy. In dialogue with this argument, Thomas Piketty (2014) states that today's material wealth and power distribution among nations is not accidental but corresponds to structural asymmetries that can be traced back to the first Industrial Revolution. Therefore, it is exceptionally difficult for late-comers to catch up with core economies, especially for those that firmly comply with the declared rules. This select group had to endure significant shortfalls on their path to convergence, given that those rules have more to do with preserving existing power asymmetries than enabling vertical mobility. Consider that the IMF has yet to set foot on the soil of one country—China—which also happens to be a success story for late developers.

Ascendance, thus, demands not only material expansion but also the will to problematize path dependencies of dependency. To clarify, emerging powers of our age, however in different magnitudes, posit similar behavioural dispositions, with seeking greater voice in managing global affairs being the most definable one among them (Acharya, 2018). Whether through membership in forums such as the G20, accession to elite clubs like the OECD, or increased staffing influence within institutions such as the IMF, this exemplifies the same norm-challenging and recognition-directed posture (Menegazzi, 2019: 141). The qualifying aspect of an emerging power is identifiable by its growing capabilities and, equally importantly, by its readiness to reinforce, resist, or reform the existing order in any way that serves national interests. As the last sentence implies, behaviourally, an emerging power goes between the extremes of compliance and defiance.

In the 1990s and early 2000s, China, India, Brazil, and Turkey, with their movement up the ladders of the global economy, received a favorable reception from the liberal school of international politics. Liberal scholars cast their economic expansion as a clear validation of institutional liberalism (Lake & Morgan, 1997). In their interpretation, the dissolution of the Soviet Union, which "removed the only global counterweight to Western influence" (Stephen, 2017: 484), finally laid the groundwork for a long-overdue convergence around liberal politics and economics. International institutions, the primary vessels of the now victorious structural liberalism, began to diffuse at an unprecedented scale—only comparable to the immediate aftermath of the post-World War II era. The



foundation of the World Trade Organization, the Kyoto Protocol, and the Rome Statute are some of the platforms created to govern this newly emerging global arena. As Keohane (2012: 125) once highlighted, the prevailing ethos of this brief moment was that cooperation could be “enhanced through the construction and support of multilateral institutions based on liberal principles.”

The financial meltdown of 2008, similar to a corrective shock, unsettled this Kantian image of the world. Another way to understand the crisis is as a contraction of what had previously been relatively expansive, to the extent that compromise and flexibility became the first victims of the emergent uncertainty. Yet, even if the previously offered welcome to emerging economies was reconsidered, this did not occur before it was already too late. By the late 2000s, emerging powers were too established and too indispensable to a vast number of supply chains. Fully ignoring these new powerhouses was either impractical or simply not sustainable. In 2000, the combined GDP (PPP) of China and India amounted to less than a quarter of that of Japan, Germany, and the United States; by 2024, it exceeded that combined figure by a substantial margin (IMF, 2024). Gramsci’s concept of “passive revolution” convincingly captures the essence of the established core’s reaction to this situation. He employed this term to describe circumstances in which hegemonic groups, in a bid to diffuse revisionist pressures without altering the underlying power asymmetries, chose to incorporate peripheral actors rather than exclude them (Gramsci, 1971). Stated differently, granting access helps mitigate the risk of structural disruptions while safeguarding normative and material privileges against the prospect of expanding the zone of equal representation and voice (Rodrik, 2011).

To this nominal acceptance, which became more tangible after the global economic upheaval, there transpired no uniform reaction among emergent powers. Their behaviour instead varied within the spectrum of adaptation and resistance, taking shape according to the nature of the subject area. China and India, for instance, are supportive of measures against unilateral trade barriers, while staunchly opposing any regulation that challenges the notion of state sovereignty. Yet, neither these nor any other emerging power that could be added to the list has ever shown any intention to dismantle the existing international system upon which their well-being sits (Kahler, 2013: 713). As Chin and Thakur (2010) argue, Beijing’s occasional objections arise from a position deeply entrenched in existing institutions, revealing an awareness that the longevity of the overall system is indispensable to its prosperity.

Yet, the dichotomy of compliance and resistance does not exhaust all of the emerging power responses. A third path, which has appealed to almost every late-developer, has been to assemble regionally anchored institutions. Interestingly, these new structures do not necessarily fill governance vacuums but often replicate, overlap with, or subtly contest the mandates of global institutions. Hettne and Söderbaum (2000) persuasively express that global economic integration is both constitutive of and constituted by various regional integrations, so much so that they are contemporaries of each other. Yet, this simultaneity should not amount to the presence of a smoothly working distribution of labour. As Brazil’s case demonstrates, what has so far emerged is institutional multiplication, co-existence, and even latent competition.



Regionalizing matters of security, environment, or economic development has roots in a combination of push and pull factors. One can deduce from all the foregoing points that push factors arise from the perceived inflexibility of globalized institutions in making space for the needs of the latecomers (Hurrell, 1995; 2007, p. 128). The historical experiences of the advanced economic club, perhaps not surprisingly, have a lopsided representation within the normative architecture of global institutions (Ruggie, 1982: 382). In other words, the governing logic of the International Monetary Fund (IMF) or the UN corresponds with the preferences of Western states. More critically, these normative foundations have progressively taken on neoliberal undertones in step with pro-market transformations since the 1970s (Ruggie, 1982: 386). Overall, finding that delicate balance between the late developers' need for greater policy latitude and flexibility and the developed core's aspirations to preserve the status quo is an inherently difficult task. Circling back to an earlier point, the 2008 financial crisis further cut down the space for mediating these differences, heightening the legitimacy crisis of these institutions.

Acharya (2014, p. 647) echoes this argument, noting that the liberal international order has never achieved the universal acceptance its rhetoric implied, but instead operated as a historically contingent Western project. This putative universality has been tested by the current crisis of legitimacy, which, rather than producing a coherent alternative international order as its proponents anticipated, has resulted in a fragmented terrain of overlapping institutions. Hurrell (2007; 2012) raises a similar concern in his reflections on the growing friction between the expanding universe of institutions and enduring asymmetries of power and representation, which undermine the legitimacy and effectiveness of global governance. Taken together, these dynamics suggest that global forums may indeed be facing a deepening credibility crisis as venues to which the non-Western world can look for development, justice, and security.

Invoking Albert Hirschman's "exit" and "voting by foot" concepts (1970; 1978), this article typifies the regionalization of governance as a form of institutional translation. In his words, "voice is just the opposite of exit. It is any attempt at all to change, rather than to escape from, an objectionable state of affairs" (1970, p. 30). One demands voice in a social setting so long as one believes that change is still possible. Voice is the only mechanism that provides "...rich and detailed information, as compared to the bareness and blankness of silent exit" (1980, p. 437). When the conversation no longer promises the desired change, Hirschman contends that mobility becomes the sole "...substitute for formal politics" (1980, p. 448). His insights travel well beyond the original case. Instead of trying to fix the problem, especially in rigid domains that cannot be settled in their favour, emerging powers move to alternative venues perceived as better aligned with their priorities. All things considered, regionalization articulates a partial exit from institutions viewed as inflexible and culturally skewed, while stopping short of full disengagement.

Whereas disaffection with the way present institutions operate is the outward push driving institutional exit, the primary pull force can be seen through Barry Buzan's Regional Security Complex Theory. It places security interdependence among spatially proximate states as the source from which both inter-state conflict and cooperation arise. Buzan and Wæver reject the conventional realist role assigned to the international system as a flat, unified realm in which states interact—much like atoms. Instead, to them,



“...security is clustered in geographically shaped regions” (Buzan & Wæver, 2003: 4). Proximity increases the frequency of interactions, amplifies threat perception, and the need for collective action. In their perception:

*A regional security complex is a set of units whose major processes of securitization, desecuritization, or both are so interlinked that their security problems cannot reasonably be analyzed or resolved apart from one another” (Buzan & Wæver, 2003: 44).*

Regions constitute the main setting where the phenomenon of state interaction takes place because they are imbued with the conditions necessary to connect states with one another—namely, “relatively durable patterns of amity and enmity” (Buzan & Wæver, 2003: 50). Neighborliness generates these emotive dynamics, which, in turn, predispose states to perceive either security or insecurity in relation to one another. Security interdependence emerges from the high frequency of interactions across short distances. Vulnerable to military risks and economic fragilities that travel more rapidly within their respective regions, states are consequently compelled to prioritize their proximate environments. In sum, “the regional level is where the extremes of security interdependence are most clearly visible” (Buzan & Wæver, 2003: 51).

Brazil’s regionalist enterprise under Lula exhibits the same complex interplay between pull and push factors, notwithstanding all those qualities unique to it. The institutional inertia and resistance to reform in the governing bodies of the global order executed an outward pressure on Brasília. The prospect of managing issues with neighbours sharing the same world of meanings, on the other hand, has been what attracted Brazil toward seeking regional alternatives. Taken together, Brazil’s regionalism goes both ways. It is a response to marginalization as much as it is a gravitation toward alternative spaces of governance, with the alleged benefit of being more compatible and efficient as regards emerging powers’ developmental and political priorities.

### **The Long Road to Regionalism: A Background on Lula**

The regionalization of Brazilian foreign policy is the product of a long and still continuing evolution, representing a pattern of branching paths and discontinuities—not a sudden policy innovation. Lula’s presidency, during which regional politics occupied a central place in Brazil’s foreign policy, therefore represents yet another instance in a long trajectory that can be traced back to WWII. Nevertheless, one pattern that has shaped Brazilian foreign policy since the second half of the twentieth century has been the pursuit of autonomy within and against systemic pressures. This search, in turn, either took the form of privileging engagement within global governance or piecemeal expansion of its regional reach. Finally, two factors determined which side Brazil leaned on in each period: domestic power struggles and the opportunity structure of the global system.

Brazil had to navigate its foreign policy in a US-centric world in the post-1945, which is tantamount to saying that there were powerful restraints on its freedom of action. Due to this constrained systemic environment and the sheer power asymmetry with its



neighbor to the North, Brazil had to seek out influence through the newly emerging institutions of Bretton Woods. International institutions, with their multilateral behavioral standards, promised Brazilian elites the most effective remedy for moderating power disparities. It should be noted that this orientation not only reveals elites' response to the steep global power hierarchies of the time, but also represents a solution to the most enduring domestic problem—economic backwardness. Postwar development and a multilateral foreign policy direction were deemed compatible goals. As part of this logic, an external posture that valued dialogue and cooperation would earn Brazil prestige in the international arena and would also increase the economy's access to capital and markets (Hurrell, 1995; Bethell, 2010). Multilateralism was thus viewed simultaneously as a vehicle for overcoming power inferiority and economic under-development.

Multilateralism once a choice freely adopted, reflecting the preferences of the incumbent elite, subsequently became institutionalized as a governing logic. Thereafter, it turned into a self-reinforcing process, structuring the conditions under which Brazil would pursue development as a latecomer. Foreign financing, export markets, and access to critical technologies became indispensable for the growth of home industry. Pursuing economic development via the import substitution model demanded that the elites of the Global South trade their allegiance in return for stable and predictable economic relations with the advanced core. Brazil's economic development came with the price of privileging its relations with Europe and the USA, often at the expense of solidarity with states of its own region. At its core, so argues Stanley (2018), Brazil is a strong validation of one of the essential tenets of dependency theory—that is, the deeper the integration into global circuits, the sharper the disjuncture between the requisites of development and the state's role conception. Under these conditions, the economic foundations of stable domestic rule set Brazil's priorities as dependent on seeking participation in global, but not regional, forums.

The conditions that are peculiar to the Cold War era further accentuated Brazil's relative aloofness from regional politics. For one, bipolarity was a specific constellation of power that compelled lesser states to choose between the capitalist and communist camps as the primary source of developmental assistance. This limitation also applied to autonomous acts that ignored the boundaries dividing rival spheres of influence and aimed to unify regional states for a common purpose. Furthermore, the era was marked by endemic domestic instability across Latin America, with military coups and political polarization severely constraining prospects for sustained regional coordination. Bandeira (2006) states that Brazil, under these conditions, viewed regional diplomacy as a means for advancing its status in global institutions. Overall, Brazilian elites saw their ability to shape regional politics as complementary to their multilateralist foreign policy and domestic power consolidation.

The military's two-decade-long reign (1964–1985) attempted to regain the foreign policy autonomy lost in earlier decades due to Brazil's mounting foreign debt, the growing cost of energy supplies, and its dependence on Western consumer markets. The doctrine of responsible adaptation served as the strategic blueprint that mapped out this new foreign policy venture. Its most salient aspect was the rebalancing of Brazil's external dependencies through the initiation of new partnerships with peripheral societies in Latin America, Africa, the Middle East, and China — which the military regime recognized in 1979. This early attempt at repositioning Brazil within a South–South solidarity axis



depicts how military leaders redefined the state's international preferences. Yet, their will to reassert autonomy against systemic pressures, which continued to exert decisive influence, did not deliver the desired outcome (Neto and Malamud, 2015). The demographic transformation of the era further locked Brazil into a globally oriented, non-regional course. Rapid industrialization, population increase, and urbanization urged the military leadership to place greater emphasis on internal economic stability. Their political survival, more so than ever, depended on their ability to offer education, employment, housing, and infrastructure to their people (Perz, 2000). These changes empowered those domestic elites that discounted South-South solidarity and saw global integration as the only feasible solution to Brazil's economic challenges. In aggregate, the necessity of economic modernization and bipolarity came to moderate regionalism into something pragmatic rather than a force capable of reversing globalist currents.

A subsequent development was the end of the Cold War, which on its own reconfigured Brazil's opportunity structure in foundational terms. The bipolar rivalry found a sudden end, along with it the structural limits that bipolarity imposed on regional heavyweights — such as Brazil (Hurrell, 1995; Acharya, 2014). It meant that, for instance, ideological affinity gave way to pure economic concerns in choosing partnerships with regional and extra-regional states. Also, the demise of the Soviet Union propounded neoliberal globalization as the new structural constraint to which every government had to adapt and reposition itself. All these external shifts coincided with the consecutive economic downturns of the 1980s and 1990s, a period of chronic inflation, debt burdens, and dramatic declines in living standards (Baer, 2001; Stanley, 2018). Here, these economic ailments may have given a second lease on life to the regionalist turn of the following decade. MERCOSUR's creation in 1991 belied both systemic opportunity and the emergent necessity of taking an alternative path, given the exhaustion of globalist perspectives (De Oliveira, 2012). In its initial manifestation, MERCOSUR and the regionalist turn were justified not as an identity-driven or ideologically motivated departure from neoliberal or globalist discourses. The dominant narrative backing Brazil's timid regionalism in 1991 drew on market-friendly terms, such as achieving economies of scale, trade liberalization, or competition.

Into the 1990s, globalization gave a great impetus to the region-wide integration of South American economies, with Brazil at its centre, but this prospect stumbled upon domestic economic limits and the counterpedalling of the region's smaller players. Brazil, well aware of its weakened bargaining position vis-à-vis ever-stronger global corporations and emerging trade blocs, saw regionalization as an effective way to improve its hand. Thus, MERCOSUR in the decade obtained an instrumental value as the vehicle for amplifying Brazil's lessening voice in WTO negotiations, trade agreements with Europe, and dealings with major powers (Klom, 2003). Yet the policymaking elites remained vigilant and exercised self-restraint due to two underlying concerns. One of them emerged from the economic crisis of 1999 and lingering fiscal pressures, whereas the other issued from the need to build trust with neighboring states (Burgess, 2010). Malamud's portrayal of Brazil as a "leader without followers" (2011, p. 40) conveys the limits of Brazil's shortcomings as a putative regional leader, such as its inability to convert visible power asymmetry into a persuasive discourse.

The 2000s added new incentives and enabling conditions for Brazil to consolidate its regionalist turn. One was the effective expansion of the capitalist system, leaving Brazil



more options to pursue its material development. The commodity upswing of the 2000s, the emergence of new growth poles, and non-Western financial centres broadened Brazil's formerly West-oriented foreign policy outlook. Lula's rise to the forefront of Brazilian politics blended two traditions with deep roots in the country's intellectual environment: developmentalism and autonomy from the capitalist core. As will be explained in the next section, Lula recast regionalism from being merely a tool for further integration with the global markets into a viable method for Brazil to develop economically without sacrificing its strategic autonomy.

Yet this transition of focus, from global to regional, can only partially be explained through pull factors. The perceived failure of the global institutions to compensate Brazil's all-too-real rise as a major power with a corresponding place within global governance has equally prompted the search for regional alternatives (Bernal-Meza, 2022; Christensen, 2013). This resonates with Hurrell's proposition that no emerging power is truly immune from experiencing persistent tensions between formal equality and substantive inequality within international institutions (Hurrell, 2012, p. 8). The stalled negotiations of the Doha Round, resistance to IMF quota reform, and limited progress on UN Security Council expansion were some of the scenes where the divide between the old guard and new players became defined.

### **Lula's Regionalist Moment: Growth and Integration**

Brazil's regionalization under the guidance of Lula unfolded along two interlinked moments. This article defines the first one, which is the subject matter of this section, as a growth phase. This expansionary period, roughly extending from 2003 to 2016, built hopes around the developmental and political returns from regional integration. The second began to surface following the global financial crisis and gained a more definitive form toward the mid-2010s, once balance sheet constraints reversed the initial momentum (Berringer, 2022, p. 104). Yet this did not completely derail Brazil from its regionalist trajectory. Most conspicuous about this period is that regional institutions could act as agents of economic transformation and political coordination, as well as alternatives to their counterparts at the global level (Mesquita, 2016).

Be it noted that the paradigm that prevailed during the expansionary period was not categorically different from the prior era—but perhaps assumed, through Lula's voice, a more assertive and clear tone. Regional integration during his presidency was reconstituted from a fallback preference into the pace-setting driver of Brazil's development strategy. As Vadell and Giaccaglia (2021) assert, Brasília regarded "regional integration as the basis for further integration into the world economy," stressing that "the Brazilian global projection depended on integrating the South American continent" (p. 36). Echoing this argument, South America features in Lula's foreign policy discourse as more than a neighborhood, but as an ideal space that, if organized and governed properly, could provide Brazil with export outlets for its home industry and enable technological upgrading (Santos, 2015, p. 46; Milani et al, 2024, p. 10). He appears to be among the first Brazilian leaders to introduce South America as integral to the essential pursuit that characterizes the Brazilian state: development, but not without autonomy.



This phase of regionalist undertaking capitalized on exceptionally convenient macroeconomic conditions. That is, thanks to the ongoing boom within the broader capitalist system, a vibrant consumer demand for export commodities furnished regional economies with a steady flow of export revenues, coupled with abundant global liquidity, which eased long-standing refinancing limits. The regional leaders, now partially freed from domestic distributive tensions, could turn this suddenly available fiscal space into what might be called institutional experimentation (Arias et al., 2025, p. 8). The initial stages of this era saw a significant qualitative and quantitative leap in Brazil's regional commerce. The time interval between 2003 and 2008, in particular, registered unprecedented expansion, with MERCOSUR-bound exports expanding by 282.41%, while the bloc's share of Brazil's export portfolio rose by 41.42% (Marcon, 2022). Even though the bloc's weight in the aggregate total was later to follow a flattening trajectory, the magnitude of this increase cannot be overlooked.

Accordingly, the economic mentality driving MERCOSUR was derived from commercial liberalism and mercantilism—an uneasy pairing. On its liberal leg, MERCOSUR was concerned with removing barriers to the free circulation of commodities across the region's borders. Yet, this objective was a function of a broader, if seemingly controversial, aim. This aim was to reserve the benefits of a unified market of almost 300 million people for South American industries, in relative protection from external competition (Manzetti, 1993, p. 112). If this interpretation holds, then MERCOSUR can be seen as embodying that proposition which defines the structuralist school of development. This long-standing strand perceives regional integration as a workaround for relatively small domestic markets with a narrow industrial basis, which, to free themselves from low productivity and chronic external dependence, must pool demand from other regional markets. Raúl Prebisch (1950) and Celso Furtado (1964; 1970), two of the leading proponents of this school, established a causal relationship between the volume of demand and the ability of an economy to expand and diversify its exporting industries. Osvaldo Sunkel (1969, p. 14-18) aligns with this strand, expressing that escaping from the bounds of external dependence requires regional states to act in concert in developing their economic policies. Brazil's developmental journey offers a compelling case in support of structuralist propositions. The vibrant economic periods that Brazil enjoyed often ended as a result of global economic contractions, a pattern which reveals how the country always had to rely on external stimuli for sustained industrial development.

For a brief moment, at least, regional economic integration appeared as an escape route from this cycle, representing a way to enlarge effective market size without subjecting domestic producers to the full disciplinary force of advanced industrial economies. The following data shedding light on how MERCOSUR bolstered Brazilian industry in the 2000s substantiates the aforementioned point. Against a backdrop of renewed concentration of exports in primary products, South America stood as the lifeline for Brazil's capital-intensive industries. In fact, by the late 2000s, industrial products constituted 84% of external shipments to MERCOSUR states (Bernal-Meza, 2022, p. 54). In the same period, Chinese demand was heavily skewed toward soybeans, iron ore, and other resource-intensive products (Yang & Araya, 2022, p. 271; Bernal-Meza & Li, 2020, p. 283). This statistic corroborates that regional economies were the main destinations of Brazil's domestic industry at a time when commodity specialization was reinforced by China-



bound trade. As such, Brazil's commercial geography has been functionally differentiated between global and regional demand. Brazil occupies a semi-peripheral position in the wider global system, yet performs the role of a regional core in its proximate neighbourhood (Vadell & Giaccaglia, 2021). This outcome is far from being incidental but, according to Hurrell (1995), represents a pattern across various other similar cases. Brazil's neighbours, with their similar consumption culture, technological preferences, and, most critically, corresponding regulatory frameworks, were a natural stimulus to Brazil's value-added commodities (Vigevani et al., 2012, p. 517; Medeiros, 2013, p.78).

Before turning to UNASUR and the political dimensions of the Southern Market, it is appropriate to outline the economic rationale of the era—one more time. Lula's developmental and autonomy-seeking approach to regionalism relied on a sequencing strategy. Accordingly, the economic integration of Brazil with the rest of the region was conceived as an adaptive mechanism. The establishment of firm economic ties with neighbours of comparable or lesser developmental levels was expected to enable homegrown industries to acquire competitiveness, diversify production, and achieve economies of scale. Following this phase of adaptation and learning, Brazil would be better positioned to compete within global markets.

Buzan and Wæver's Regional Security Complex Theory, with its broader analytical insight, is relevant here. Recalling their key point, proximity amplifies cross-border interactions of all kinds, ranging from technology diffusion to knowledge spillovers, to economic recessions and violent conflicts. These networks of interdependencies, in return, generate incentives for institutional coordination. The UNASUR provides a useful point of comparison. The stated expansion of intraregional trade seemed to urge greater policy coordination, regulatory harmonization, infrastructural integration, and dispute management among neighboring states (Carranza, 2006, p. 808; Santos, 2015, p. 44).

Whereas MERCOSUR was entrusted with trade and industrial coordination, UNASUR's primary duty was to work as a governance mechanism with the purpose of cohering the South American political space. More specifically, for Brazil, UNASUR undertook the job of facilitating multilateral cooperation, mediating disputes, and helping construct norms that the South American nations would willingly abide by (Carranza, 2006; Vadell & Giaccaglia, 2021). In the name of bringing partner states into an institutional setting where they could resolve their mutual vulnerabilities, UNASUR was designed to address crises without reliance on extra-regional institutions. This function is especially tangible in its early phases. According to Schenoni (2016) and Mesquita (2016), it performed its primary function adequately by initiating diplomatic coordination during the 2008 Bolivian crisis, the 2010 Ecuadorian police revolt, debates surrounding US military access to Colombian bases in 2009, and collective responses to Paraguay's 2012 political crisis. Yet, notwithstanding these success stories, UNASUR fell short of performing the duties of its counterparts in the European Union. The major deficiency that restrained UNASUR was that, as a supragovernmental institution, it failed to assert autonomous power above the constituent states. In other words, its efficiency was a product of the level of consensus and political convergence.

The ability of UNASUR to manage the partners' differences started to decline drastically as a direct result of the waning global economic boom in the post-2008 period. As explained before, the economic expansion, which coincided with the beginning of Lula's



presidency, provided the resource-exporting states with financial windfalls and robust economic growth. Such material opulence, in return, made it easier for the regional states to set aside their ideological differences. The commodity supercycle started to erode with the financial turmoil, and so did mutual trust among the MERCOSUR governments. The end of the growth phase diminished export revenues, along with the fiscal comfort that the South American governments formerly enjoyed. Governments' priorities started to move away from funding the post-neoliberal agenda — such as expansive welfare programs, regional initiatives, and infrastructural investments. Their political survival increasingly depended on whether they could expand employment, manage ever-growing debt, and curb inflation.

This article claims the Venezuelan crisis, which deepened after 2013, to be the inflection point that, more than any other incident, exposed the unravelling architecture of South America's regional governance. Regional institutions desperately tried but, in the end, failed to secure a coordinated response as political and economic instability intensified. Instead, ideological fragmentation, coupled with divergent threat perceptions, completely paralyzed UNASUR (Krickovic, 2015). The lessening relevance of intra-regional trade, apparently, already removed the political incentives for leading elites to forge a degree of harmony, leading to what might be called institutional inertia (Bernal-Meza, 2022; Yang & Araya, 2022). As Santos (2015) remarked, commercial interdependence at this point no longer constituted a strong enough bond to contain the centrifugal forces these institutions were designed to contain.

### **The Demise of Expansionary Regionalism after 2016**

Brazil's regionalist impetus lost momentum starting with the second half of 2010 as a result of domestic power struggles and Brazil's deepening engagement with the China-centred world. The former surfaced when the developmentalist coalition supporting expansionary regionalism during the administrations of Luiz Inácio Lula da Silva and Dilma Rousseff began to erode. The latter on the other hand resulted from the repositioning of Brazil as the principal supplier to China's rapidly expanding and resource-hungry domestic market.

As stated in the preceding lines, the domestic opposition to the regionalist endeavour assumed a more confrontational position as trade with MERCOSUR started to lose its former volume from 2008 onwards. Silva (2019) noted that the changing economic fortunes, as such, ruined Brazil's hard-won foreign policy consensus, giving way to intensified ideological polarization and institutional discontinuity. Dilma Rousseff's impeachment in 2016 may be interpreted as the culmination of this power struggle (Silva, 2019, p.73). As a direct result of it, the regionalist/developmentalist currents had to abandon their dominant position for their domestic rivals—a loosely formed alliance composed of financial elites, export-driven industries, and those who advocate stronger alignment with the United States. These new elites expanded their power in Brazil's domestic theatre thereafter, persevering even under the rule of the re-elected Lula (Nogara, 2025). Reframing the same point, the contraction of intra-regional trade, in tandem with the growing significance of commodity exports to China, reduced industrial sectors' relevance to a healthy Brazilian economy in 2010s (Basnet, 2013, p. 554). As Bernal-Meza (2022) posits, intra-regional commerce functioned as a stabilizing outlet for



Brazil's higher value-added exports, particularly manufactured goods. Obviously, it also mattered a great deal to the domestic power balances favouring pro-developmental currents.

The Temer administration took the first steps in the direction of this paradigmatic shift in Brazil's perception of regionalism. As Santos, Leão & Rosa (2021) note, during his presidency, "post-liberal regionalism was replaced by a renewed approach of open regionalism" (p. 576). This was a clear rejection of imparting any political meaning to regionalism, exhibiting a fundamental rupture from the previous decades. It should then come as no surprise that Temer actively sought to suspend Brazil's membership status in UNASUR. Alvarez (2021) similarly labels the post-2016 turn as a liberal-conservative reorientation, "downgrading regionalism as a non-priority" (p. 14).

The retreat, which Temer initiated in his two-year term, from the ideational foundations of Brazil's regionalist turn gained further speed after the election of Bolsonaro. The official disengagement from UNASUR became formalized during his term as part of his campaign against the ideals of South-South solidarity and post-neoliberal regionalism. He justified the foundation of PROSUR on the grounds that UNASUR had been "moved by ideologies" (Junior, 2022, p.36). In his vision, regionalism had to be confined to bilateral agreements and market-oriented diplomacy, as such arrangements would appreciate a degree of flexibility that regional institutions would deny to Brasília. This article does not conclude that such was tantamount to the disappearance of regionalism in its entirety, but post-2016 governments certainly downgraded its erstwhile prominence within the hierarchy of Brazil's foreign policy priorities. As Krickovic (2015) proposes, the regional schemes may endure fluctuations in terms of their relevance to a country's world of meanings or economic prosperity. Either in tandem or separately, changes in the domestic political scene or global circumstances may cause this outcome. In the end, though, they often persist as latent frameworks running their course in the background.

Lula, upon his arrival, restored certain aspects of Brazil's earlier regionalist discourse. He reanimated diplomatic affairs with South American partners, attempted to revive the governmental functions of UNASUR, and placed long-dismissed rhetorical emphasis on autonomy and multilateralism (Nogara, 2025). Yet, these attempts were less than enough to revitalize Brazil's weakened ties to its neighbours. The context that Lula III has to operate poses markedly different conditions from that of the early 2000s. Stagnated global growth, already well-entrenched export specialization, and altered domestic coalitions hinder the prospect of reinvigorating expansionary regionalism in its prior form.

Concluding, the Brazilian case substantiates a central claim adopted by this article: the complex interplay between national political economy and global order centrally defines a regionalism's feasibility. Brazil's expansionary regional integration coincided with the global economic expansion of the early 2000s and the dominance of post-neoliberal developmentalism in domestic politics. Its subsequent weakening reflected the erosion of these enabling conditions rather than the intrinsic failure of regional institutions alone.



## Conclusion

This article argues that regionalism in its contemporary form represents an attempt by emerging powers to strategically relocate policy engagements across institutional scales. The regionalization of institutions therefore neither corresponds to a complete withdrawal from nor a frontal challenge to the established order. By drawing on Buzan's conception of the Regional Security Complex together with Hirschman's notion of exit, the article describes regionalism as gaining traction from a dual movement. It builds on centrifugal pressures sourced from the rigidities of global institutions, as much as on centripetal forces that attract emerging states to anchor themselves in regional proximity.

Brazil provides a clear vantage point for the contingent nature of this institutional relocation. During the expansionary phase of the early 2000s, Brazil managed to construct a regional international order that proved capable of cohering neighbouring states on matters of development, industrial partnerships, political stability, and cross-border security. Yet, the unravelling of the domestic coalition supportive of regionalism and the outbreak of the 2008 global recession reversed these fortunes, laying bare the structural fragilities underlying expansionary regionalism. The article does not assign this failure to an allegedly inherent weakness within the architectural design of MERCOSUR or UNASUR. They seemed to function satisfactorily in extending Brazil's policy autonomy and enlarging the economic window of opportunities as long as favorable global conditions persisted. As the latter started to transform, though, it became obvious that they were not nearly offsetting the emergent dislocations and asymmetries entrenched in global demand, finance, and production.

This analysis delivers two insights into the likelihood of regionalism(s): they are neither omnipotent structures that can alter the course of global power hierarchies nor intrinsically dead-end endeavours with nothing to offer to emerging powers. Regional institutions are a dependent stratum within a multiscalar order, never truly freed from reversals, reordering, and shifting structures of restraints/opportunities. The logical implication is that emerging powers are facing a significant dilemma: national autonomy through regionalization proceeds within a wider global structure that still determines the possibility horizons of every political project. Regionalization is anything but a pathway beyond 'the global.' It is rather a strategic adaptation that can broaden the bandwidth of emerging states' autonomy, critically, without dissolving structural dependence on it.

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