

The Suspension of Venezuela from Mercosur: Economic and Political Impacts for Brazil

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Abstract

Venezuela's entry into Mercosur (the Common Market of the South) in 2012 represented an opportunity for a nexus between the Amazon Basin, the River Plate Basin and between the different cooperation projects that exist among them. This movement could, therefore, serve as an impetus for regional development through economic, political, energy and security integration. However, in 2017 the Andean country was suspended from the bloc. This paper aims to identify the main economic and political impacts of this suspension for Brazil. A causal hypothesis testing methodology is used through primary data collection and a specialized literature review is also done to answer: what are the economic and political impacts, for Brazil, of Venezuela's suspension from Mercosur? The hypothesis is that Venezuela's suspension from Mercosur has deteriorated bilateral trade with Brazil; the possibility of economic integration between the northern and southern regions of the continent and consequently, stability and regional development. The hypothesis has only been partially proven. The negative effects mentioned were detected during the period under review. However, the Andean country had not carried out its economic and political integration when it was suspended from the bloc. Thus, its suspension was not the cause of these problems, but only an aggravating element of these economic and political impacts that mostly arise from its internal political and economic crisis and the posture of Brazilian alignment with other countries, to the detriment of autonomous regional development. In other words, Venezuela's suspension of Mercosur was configured as an intervening variable in the impacts analyzed.

Introduction

The Amazon Basin and the River Plate Basin are essential regions for the stability, prosperity, sovereignty and security of South America. They are important trade routes, regions rich in natural resources and are strategic points to reach the interior of South America. (Travassos, 1935).

An analysis from the Brazilian point of view could argue that Venezuela's entry into the Mercosur in 2012 represented an opportunity for interconnection between the two basins and the different cooperation projects that exist in them through the promotion of the Brasília – Caracas axis an axis akin to the Brasília-Buenos Aires axis as a driver of regional development (Cervo, 2001). The bloc's expansion to the Andean region could serve as an impetus for regional development by: i) making it possible to build an environment of peace in South America; ii) to foster economic synergy in the Amazon regions and iii) to provide the opportunity for energy integration in South America. This fact could give the region a greater role in International Relations. However, the growing political instability in South American countries in the 2010s - in particular the contestation of the results of the presidential elections in Venezuela and the economic crisis that hit the region generated great instability, leading to Venezuela's suspension from Mercosur in August 2010. 2017 (Mercosur, 2017; Legler, 2020).

We intend to answer the following question: what are the economic and political impacts, for Brazil, of the suspension of Venezuela from Mercosur? The hypothesis is that Venezuela's suspension from Mercosur has deteriorated: bilateral trade with Brazil; the possibility of economic interconnection between the north and south of the continent and, consequently, stability and regional development. An

empirical methodology is adopted for the construction of a causal explanation through hypothesis testing using the method of causal reconstruction of the phenomenon under analysis (Héritier, 2008). As research techniques, the following are used: i) review of specialized literature on Brazilian foreign policy; on the strategic importance of the Andean region for Brazil and on the history of relations between Brazil and Venezuela and ii) analysis of primary data taken from economic databases, speeches by decision makers from both countries and official documents from Mercosur and the Brazil. This paper aims to present a Brazilian perspective on the phenomenon under analysis.

We start from a positivist ontology, assuming the independence of the selected variables, even if it is understood that the political results are the effect of complex interactions and of various forms of multicausality. It is understood that to explain complex empirical reality, abstraction is needed (Héritier, 2008; Jackson, 2011). To verify the causal relationship between the independent variable 'Venezuela's suspension from Mercosur' with the dependent variables 'bilateral trade with Brazil'; 'economic interconnection between the north and south of the continent' and 'stability and regional development'; three indicators are used. These indicators are: 'decrease in Brazilian imports and exports from Venezuela'; 'modification of the approach of Brazilian Foreign Policy' and 'diplomatic confrontation between Brazil and Venezuela'.

The hypothesis was only partially confirmed. Therefore, Venezuela did not have its own economic and political integration internally carried out, causing its suspension from Mercosur which further aggravated these economic and political impacts that arose mainly from the internal political and economic crisis of the Andean country. Venezuela's

estrangement was further exacerbated by Brazil's alignment with other countries, which was detrimental for autonomous regional development. In other words, the suspension of Venezuela from Mercosur is now perceived not as a causal variable of the selected economic and political impacts, but as an intervening variable in their occurrence.

After this introduction, the piece is divided into three parts that are consistent with the need to develop a retrospective approach so that it is possible to analyze the effects of the selected explanatory variable (namely, 'the suspension of Venezuela from Mercosur'). The first part aims to present the history of relations between Brazil and Venezuela, so that it is possible to understand the fundamentals of the bilateral relationship between the two countries. The second part helps us understand what would be the gains for Brazil from Venezuela's entry into Mercosur, because only then will we understand the possible political and economic impacts for Brazil from its suspension from the bloc. In the third part, the indicators of the variables selected for the period after Venezuela's suspension from Mercosur will be analyzed, in order to verify their explanatory power for the causal relationship. This is to verify whether Venezuela's suspension from Mercosur was the cause of the deterioration in bilateral trade with Brazil; in the possibility of economic interconnection between the north and south of the continent and in regional stability and development. Finally, there are final considerations about testing the hypothesis and considerations about the international repercussions of Brazil in regard to the face of its interactions with Venezuela.

The history of relations between Brazil and Venezuela

Relations between Brazil and Venezuela were almost non-existent during the 19th century and much of the 20th century (Almeida, 1999). Until the beginning of the 20th century, Venezuela was still trying to build a central state structure. It was only during the government of Juan Vicente Gómez (1908-35), with the beginning of oil exploration and exportation, that the Venezuelan central state was consolidated (Vizentini, 1996). Brazil, after its independence and demarcation of its borders, turned to its economic and political insertion in the hemisphere. Therefore, until the 1950s, Brazilian foreign policy was mainly directed towards a strong relationship with the United States (Cervo, 2008). During the 1960s-1970s, while Venezuela sought diplomatic autonomy and the defense of democracy, Brazil was under a strong civil-military regime (Vizentini, 1996). It was only from the late 1970s onwards that both countries reached a political environment that favored their rapprochement, as

both began to use foreign policy and regional insertion as an instrument of national development.

In 1978, the Amazon Cooperation Treaty was signed between Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela, officially marking the inclusion of the Amazon region in Brazilian national policy (Rucupero, 1984). In the late 1980s, the economic crisis in Brazil and Venezuela¹ along with the impacts of the Washington Consensus in Latin America (which conditioned emerging economies to adopt trade liberalization in exchange for financial aid) led liberal optimism to be reviewed and reinterpreted (Silva, 2009). Thus, for both countries, the South American continent became a counterweight to neoliberal policies and an arena for strengthening and projecting their own countries to deal with the negotiations of North-South relations.

Therefore, during the 1980s, there was a series of political convergences between Brazil and Venezuela with the aim of producing an alternative to the policies of other countries in the region (Ávila, 2003). As an example, we have the approximations in the Non-Aligned Movement, in the Contadora Group² and in the Group of 77³. However, the economic approximation between the countries did not advance in this period, due to the impact of the oil shocks on their respective growth model economies based on import substitution (Vizentini, 1996). In the 1990s, with greater economic stability and under the regional conjuncture of emergence of integration projects (such as Mercosur in 1991), both countries reinforced bilateral approaches (Cervo, 2008). In this sense, the rapprochement with Venezuela allowed Brazil to get closer to the Andean region and its energy and economic potential of the region - such as oil from Venezuela and Ecuador, Bolivian thermal coal and gas from Bolivia and Peru (Vizentini, 1996).

During the governments of Itamar Franco in Brazil and Rafael Caldera in Venezuela, bilateral relations between the two countries intensified, highlighting on the part of Brazil the strategic importance of Venezuela for the rapprochement with the Andean region and for the strengthening of public policies for the Amazon. According to Itamar Franco's speech when the Amazon Initiative was launched in 1992:

The initiative aims to launch, in bilateral terms and within the scope of the Latin American Integration Association, the commercial and economic bases for the broad avenue of cooperation that could repeat in the Amazon the example of integration that is consolidated in the La Plata Basin. I understand that the deepening of favorable conditions for the commercial exchange of the Amazonian countries will be a fundamental step towards the integration of South America, insofar as it will contribute to articulating the two great hydrographic systems. The very dynamics of trade will inevitably lead us to diversify and improve the physical,

¹ Both countries suffered impacts from the fluctuation in the price of oil and the increase in the interest rate, affecting the ability to pay their external debts (Vizentini, 1996).

² The Contadora Group was a political forum created by Mexico, Panama, Venezuela and Colombia to deal with US actions in Central America, especially the US invasion of Grenada in 1983. Argentina, Brazil, Peru and Uruguay joined the movement, creating the Contadora Support Group (Ávila, 2003). This

movement of political approximation resulted in other approximation movements, generating in 2010 the unification of all of them in the Community of Latin American and Caribbean States (CELAC).

³ The Group of 77 is a coalition created among developing countries to coordinate actions within the United Nations (UN) (G77, 2020).

transport and communications interconnections between the Prata and the Amazon, and to favor the flow of capital, technology and people between the two major hydrographic aspects that identify this part. of America (Brazil, 2008, p. 23).

The two presidents also signed the Guzmania Protocol in 1994, which established a strategic partnership between both countries and reaffirmed political approximation with regard to: i) the perception that neoliberalism represented a challenge to the development of the region and ii) the unification of efforts to reduce poverty and guarantee democracy in both countries (Cardoso, 1998; Vizontini, 1996). The approach also expanded to commercial issues (such as double taxation), cultural cooperation issues, borders and mining issues. A dialogue began about military cooperation between the countries and the joint fight against drug trafficking. Finally, cooperation in infrastructure was strengthened, with a project to expand land transport of cargo, a hydrographic connection between the Amazon and Orinoco basins and the implementation of the SIVAM-SIPAM⁴ project (Guimarães, 1995).

At the end of the 1990s, under the Brazilian government of Fernando Henrique Cardoso, the political and economic rapprochement not only between Brazil and Venezuela, but also between Venezuela and Mercosur, deepened. The Andean country signed economic complementation agreements with all members of the bloc (Cervo, 2001). With the declaration that Venezuela was Brazil's priority partner, there were scientific and technological cooperation initiatives, as well as energy (Cervo, 2001).

Therefore, as can be seen, the approximations between Brazil and Venezuela over time were marked by the vision that regional integration could be an instrument of national development through economic, technological, security and energy strengthening of both countries and the region. Thus, it would be possible to negotiate less unequally with blocs and countries outside the region (Silva, 2009). Furthermore, on the part of Brazil, there is an awareness over time of the strategic importance of the nexus of the La Plata Basin with the Amazon Basin, configuring the Brasília-Caracas axis - as well as the Brasília-Buenos Aires axis - both important instruments for national development and regional stability.

Venezuela as a member of Mercosur: advantages and challenges for Brazil

As demonstrated, the deepening of relations between Brazil and Venezuela during the 1990s began with the objective of seeking alternatives to the neoliberal order based on north-south relations. This objective assumed special importance in the early 2000s at the end of the Fernando Henrique Cardoso government, when the term 'asymmetric globalization' was coined to represent the inequalities that globalization caused between developed and developing countries (Silva, 2009). There was, therefore, a change in Brazilian foreign policy towards a focus on multilateral

relations as a way of strengthening developing countries, leading to greater engagement in south-south relations and an increase in the importance of their strategic surroundings (Vigevani; Cepaluni, 2007; Guimarães, 1995; Stuenkel, 2015).

Thus, it can be seen that the process of approaching Venezuela with the Southern Cone intensified in the 1990s and culminated in 2006 with the signing of the Protocol of Accession to Mercosur, which required ratification by the parliaments of the member countries to be effective (Rocha ; Domingues; Ribeiro, 2008). The Protocol had already been ratified by the parliaments of Argentina, Brazil and Uruguay, with the exception of the Paraguayan parliament. Venezuela became a member of Mercosur on July 30, 2012, surrounded by political controversies, as it took place when Paraguay (whose parliament at the time was in opposition to Venezuelan membership) was suspended from the bloc due to the impeachment of then-President Fernando Lugo. (Sloboda, 2015). However, after the country was readmitted to the bloc, the Paraguayan parliament approved Venezuela's accession.

The effective entry of Venezuela into Mercosur under these conditions brought political challenges to Brazil regarding its relationship with the United States. The Americans held

important trade relations with both Venezuela and Brazil. According to a document revealed by WikiLeaks in 2011, the United States had the view that Mercosur was incorporating, in addition to the economic component, a restrictive and anti-American political project (US, 2006). This interpretation came from the fact that the two South American countries used regional integration as an instrument for national development and diversification of economic partnerships beyond the United States and Europe. The discovery of the Brazilian pre-salt and the consequent re-emergence of the importance of the South Atlantic as a region of production and transport of commodities and energy resources, transformed Venezuela (when it entered Mercosur) as another relevant actor for the dynamics of the region to the eyes of the United States. This is especially due to the fact that the Andean country was an important producer and exporter of oil for the Americans (Pecequillo, 2013).

In addition to the political challenges that the implementation of the Protocol of Accession of Venezuela to Mercosur presented to Brazil, it can be said that the Andean country's entry into the bloc was strategic for Brazilians in four points: 1) achievement of the objective of strengthening its strategic environment, 2) optimization of economic gains, 3) energy security and 4) national security. From the point of view of Brazilian foreign policy, Venezuela's entry into Mercosur brings the bloc and especially Brazil (as it borders the region) closer to natural resources and other cooperation initiatives that exist in the Andean region. Venezuela is configured as a bridge between different integration movements (such as the Andean Pact and the Alba) (Vizontini, 1996). The country's entry into Mercosur was consistent with the

⁴ SIVAM is the Amazon Surveillance System that aims to protect the airspace of the Amazon and is part of the Amazon Protection System (SIPAM) (Brasil, 2004).

achievement of Brazilian foreign policy of seeking to strengthen the northern axis of its territory and interconnection between the River Plate and Amazon basins (Brasil, 2012). This policy originated in the late 1970s and was strengthened from the late 1990s onwards (Silva, 2009).

With Brazilian support for Venezuela's accession to Mercosur, Brazil tried to reverse the excessive focus of its foreign policy on the integration of the Southern Cone. Furthermore, the Andean country's entry into the bloc was an important instrument to foster the development of the north and northeast of Brazil, due to the geographical proximity that facilitated projects to improve logistics and also possible initiatives in the petrochemical and energy sector (electricity and gas) (Sennes; Barbosa, 2007). There was already a predominance of northeastern Brazilian ports as the main source of imports from Venezuela. The main port was São Luís - Maranhão; followed by Santos - São Paulo; Aratu - Bahia; Fortaleza - Ceará; Vitória - Espírito Santo and Recife - Pernambuco (Sennes; Barbosa, 2007). In addition, it is worth mentioning the so-called 'Manaus-Venezuela corridor', through which there was a large flow of high value-added products produced in the region - such as electronics, machinery and mechanical products. Thus, the possibility of articulating the industrial regions of northern Brazil and southern Venezuela is evident, promoting the development of the Orinoco Amazon axis. These regions are relatively isolated from both southeastern Brazil and the industrial area of the state of Carabobo in Venezuela (IPEA, 2011).

From an economic point of view, Venezuela's entry into Mercosur resulted in the bloc having a population of approximately 294 million inhabitants (close to 70% of the total population of South America); with a Gross Domestic Product (GDP) of around US\$ 3 trillion (which represented around 77% of South American GDP) and with a territory of 12.8 million square kilometers, (equivalent to three times the area of the European Union). Mercosur became one of the world's leading producers of food and minerals (Brasil, 2020b; Bueno, Feijó, 2014). In other words, the Andean country's entry into the bloc would bring a considerable increase in the consumer market for Mercosur products. In 2012, when Venezuela effectively joined Mercosur, Brazil had a surplus of more than US\$4 billion in trade with Venezuela (MDIC, 2020) - exporting mostly primary and manufactured products (Arce; Silva, 2012). The manufactured trade from Brazil to Venezuela was greater than the manufactured trade with the other Mercosur countries. Brazilian exports to Venezuela represented 26% of all Brazilian exports to South America (Arce; Silva, 2012). Therefore, the tariff reduction agreements within the scope of Mercosur and the Common External Tariff (TEC) for products external to the bloc promised great opportunities for increasing trade between Brazil and Venezuela.

In terms of energy, the Andean region represents great opportunities in terms of Venezuelan oil, Bolivian thermal coal and gas, and Peruvian gas. Accessing this region through energy production and distribution partnerships would bring greater autonomy to the Mercosur countries. In this sense, the Venezuelan presence is essential for energy integration in South America, as the country is part of the

Organization of Petroleum Exporting Countries (OPEC), responsible for the great influence on global prices of this commodity. In addition, the country has the largest crude oil reserves in the world (OPEC, 2018). There is also potential for expanding the distribution of energy to the north of Brazil, since the Venezuelan rivers, being close to the plateau, have waterfalls with hydroelectric potential. From the 1990s onwards, with the signing of the Guzmania Protocol between the Brazilian and Venezuelan presidents, there were approximations between the state-owned EDELCA and ELETROBRAS; Petrobras and Petróleos de Venezuela (PDVSA). There is also the debate surrounding the physical communication of electric power transmission lines (Manaus-Electrica Del Guri). Energy issues were dealt with by the Working Group II established by the aforementioned Protocol and after its signature there was an increase in oil trade between the two countries: between 1993 and 1994 there was an 8-fold increase in Brazilian daily imports of barrels of Venezuelan oil (Guimarães, 1995). The possible partnership between the two countries would also allow Brazil to acquire Orimulsion R6 (a natural bitumen diluted in water), which would facilitate the overcoming of tariff and technical barriers in industrialized countries (Barbosa, 2008).

Fostering the development of the northern and northeastern regions of Brazil and southern Venezuela would also constitute an important element from the point of view of national security. This is because this region is characterized by being rich in natural resources, with dense forest and therefore constituting a porous region, with little population and difficult border control. Promoting the development of the region through its own regional dynamics would be an important element to guarantee its stability (Oliveira; Cepik; Brites, 2014). This is because the presence of both countries in the border region is an important element for the maintenance of national sovereignty by deterring the presence of forces external to the subcontinent. In addition, the Amazon region has the presence of non-military threats such as drug trafficking, human trafficking and the illegal exploitation of natural resources (Dorfman, 2013).

In addition to affecting the social and political integrity of populations, these security threats transcend country borders and often go beyond the capacity of States to act individually. They are intensified with the instability and economic decline of countries. Thus, there is no way to maintain Brazilian security without stability in neighboring countries. Furthermore, as defended by Buzan and Weaver (2003), the security of the countries of South America is interconnected and their future depends on the capacity of Brazil (the largest country in the region, which is present from the north to the south of the subcontinent) to lead integration and bring the northern region of the continent to the regional dynamics. This is where the extra-regional presence is notable. Plan Colombia and the U.S. military presence in that country is a prime example of this..

Therefore, from a Brazilian perspective, Venezuela's entry into Mercosur could produce an environment of peace in South America, helping to achieve an economic, energy and political integration that is advantageous to its members.

This project made it possible to integrate the Amazon frontier regions into the social and infrastructure dynamics of the subcontinent, bringing citizenship to them and optimizing their resources in order to promote stability and joint development of infrastructure and technology. In this way, South America's position in the international system could be strengthened, as it would make it possible to manage the presence of countries outside the region and promote the possibility of negotiating better strategic partnerships, trade agreements and more access to financing. In other words, whether the Andean country's entry into the bloc would represent the possibility of: strengthening bilateral trade with Brazil; economic interconnection between the north and south of the continent and regional stability and development; the hypothesis is raised that its suspension would represent the deterioration of these conditions.

Mercosur without Venezuela: regional impacts

If Venezuela's entry into Mercosur could represent a strategic step towards strengthening South America and bringing economic, energy and security advantages to Brazil, in practice it did not. Since the signing of the Accession Protocol, Venezuela has failed to comply with 75% of the treaties and 20% of the 1,224 established technical standards (Mercosur, 2017). Since 2014, with the drop in oil prices (which represents 96% of Venezuelan exports), the country has been suffering a serious economic crisis, accentuated by the severe political crisis surrounding the legitimacy of the government of Nicolás Maduro (Romero; Mijares, 2016). Figures from the Inter-American Development Bank point to a sharp drop in GDP year on year. In 2014, there was a retraction of 5.24% (IDB, 2020). Additional GDP data after 2015 are difficult to obtain, but according to ECLAC, the drop in 2016 alone was 9.7% (ECLAC, 2021).

A study on Venezuela's industrial productivity in the first three years in Mercosur (2013-2016) found the country's industrial sector to be markedly unprepared and below that of the other countries in the bloc (Carballo; Ferrer; Sierralta, 2016). The result shows that Paraguay had the highest growth in relative productivity with a 10.35% increase, followed by Brazil with 6.95% and Argentina with 3.83%, while Uruguay (-5.13%) and Venezuela (-29.4%) were the only ones with a fall (Carballo; Ferrer; Sierralta, 2016).

The Andean country's current policy is naturally averse to entrepreneurship and economic growth, which in turn undermines industrial productivity. The Mercosur Foreign Trade Statistics System (SECEM) shows that in the first two full years that Venezuela was part of Mercosur (2013 and 2014), the bloc had a trade deficit of almost US\$30 million (SECEM, 2020). SECEM also reports positive trade balances every year since 2015, with statistics from the four founding countries of Mercosur, including a trade surplus of nearly US\$50 million in 2020.

In this context, with the increase of political instability in the Andean country due to the formation of a Constituent Assembly not recognized by the opposition to the Maduro government; on August 5, 2017, the four founding countries of Mercosur unanimously voted to suspend Venezuela from

the bloc for "disruption of the democratic order" (Mercosur, 2017).

Specifically in Brazil-Venezuela relations, there was a strong deterioration in bilateral trade, with a significant drop in Brazilian exports and imports to Venezuela. In 2012, Brazil exported US\$ 5 billion to Venezuela and in 2019 only US\$ 421 million (MDIC, 2020), representing a drop of more than 91% in the exported value. As for imports, Brazil went from US\$ 997 million imported in 2012 to US\$ 80.8 million in 2019 (MDIC, 2020), also representing a drop of more than 91% in the imported value. Among the main products there is no presence of machinery and products with high added value, only agro-industry products (such as sugars and molasses (23%) and vegetable fats and oils (13%) (MDIC, 2020) - a reflection of the serious crisis supply chain through which the Andean country passes.

The deterioration in trade relations between the two countries was also strongly affected by the worsening of political relations - a break with the approximation movement that had been taking place since the late 1970s. With the increase of the internal political crisis in Brazil, especially in the second term of Dilma Rouseff (2014-2016), the focus of Brazilian foreign policy was on maintaining its government and reducing active Brazilian actions in international relations (Saraiva, 2020). Rouseff's impeachment process and Michel Temer's rise to the presidency of Brazil did not end the political crisis and the consequent economic crisis in Brazil. As a result, the Temer government modified the axes of Brazilian foreign policy, promoting the search for economic liberalization and rapprochement with the global north to the detriment of a more active regional insertion (Saraiva, 2020).

With the election of Jair Bolsonaro in 2018, criticism of south-south relations intensified and focused on hemispheric alignment with the United States. Brazil began to seek solutions to regional problems through closer relations with countries outside the region (Saraiva, 2020). This is the example of the Lima Group, created in 2017 to coordinate forms of action for the political crisis in Venezuela. In addition to the Latin American members (Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay and Peru), Canada is a member and the United States is a participant in all the group's meetings (Agency Brazil, 2019). In this context, the Bolsonaro government accentuated criticism of the Maduro government, recognizing the government of the self-proclaimed Venezuelan President Juan Guaidó and moving further away from the Andean country. In this sense, in February 2019, in an action to align with U.S. policies in the region, Brazil made the Pacaraima border available for the route of trucks with humanitarian aid from the United States to Venezuela. This was in response to clashes between Chavista and opposition forces and four people died (Jiménez, 2019). This intensified the possibility of an escalation in the conflict - with probable interference from external countries (such as the United States and Russia). Furthermore, in March 2020, the Brazilian government ordered the withdrawal of four Brazilian diplomats and 11 employees from the embassy in Caracas. The aim was to force the same action on the part of the

Maduro government at the Venezuelan embassy in Brasília (DW, 2020).

The political and economic deterioration in Venezuela prevented the strategic advantages of the country's entry into Mercosur from being effective for the strengthening of the bloc and its countries. With the Andean country's current situation, its maintenance in the bloc would compromise the strengthening of Mercosur in the international arena, as there would be great instability regarding the future of possible trade negotiations. Specifically, the maintenance of Venezuela in Mercosur would have directly affected the negotiations of the trade agreement with the European Union that were being developed for more than 20 years (Meissner, 2016). Akin to this, the instability in the region, intensified by the threat of the use of force by the United States (Bredemeier, 2019), could strongly impact the stability and security of Brazilian borders. A conflict in a neighboring country could generate spillover to the northern region of Brazil, an area already weakened economically with the recent crisis of the Coronavirus.

Under this conjuncture, we also have the decay of the Union of South American Nations (Unasur), which, under strong Brazilian leadership during the first decade of the 2000s, aimed to constitute a political space for the region to autonomously deal with its issues (Couto, 2013). Thus, the instability in the Brazilian strategic environment and the decay of autonomous regional institutions for conflict resolution, left room for greater external intervention and diminished the leadership role in regional affairs that Brazil has been developing.

Therefore, by analyzing the listed indicators, we can see that the greatest political and economic impacts for Brazil are not directly caused by the suspension of the Andean country from Mercosur (since it was unable to technically become a full-fledged member) but seems to be caused by the Venezuela's economic and political instability, exacerbated by Brazil's departure from an autonomous policy for the region. The consequent suspension of Venezuela from Mercosur seems to play an intervening role in this process – intensifying the country's isolation. Its suspension therefore represents an attempt by the other Mercosur member countries to maintain the bloc's legitimacy and political as well as financial capital.

Final considerations: Brazil's international insertion in front of interactions with Venezuela

In short, it has been shown that the inclusion of Venezuela in Mercosur is compatible with a long process of rapprochement between Brazil and the Andean country that began in the 1970s, deepened in the 1990s and consolidated in the 2000s. Due to its strategic importance for the

Brazil, this approach was different from the beginning and included not only the economic axis, but also the energy axis - both with an impact on the national security sector. Therefore, Venezuela's accession to the South American bloc is a historic process, with economic, commercial, energy and security potential that impacts not only Mercosur member countries, but also the dynamics of South America.

However, the possible advantages for Brazil of the Andean country's accession to Mercosur never came to fruition. Since the country's suspension from the bloc in 2017, there has been a decrease in Brazilian imports and exports from Venezuela along with a change in the approach of Brazilian Foreign Policy and diplomatic confrontation between Brazil and Venezuela. Therefore, these selected indicators demonstrate that there was an impact on bilateral trade with Brazil; in the economic interconnection between the north and south of the continent and in regional stability and development. However, the causal relationship listed (that Venezuela's suspension from Mercosur would be the cause of these impacts) was only partially proven. Venezuela has not implemented its economic and political integration (the country has not concluded 75% of the treaties and 20% of the 1,224 established technical standards), making its suspension from Mercosur a corollary which escalated these economic and political impacts. The suspension of Venezuela from Mercosur is now perceived not as a causal variable of the selected economic and political impacts, but rather as an intervening variable in their occurrence.

The polarization as well as the political and economic instability in Venezuela have had an impact on the region's ability to strengthen itself and to strategically and autonomously enter into international negotiations. In this sense, Venezuela's suspension from Mercosur represented political action for the bloc to maintain its legitimacy on the world stage. This integrity can be seen through Mercosur's realist lens that helped strengthen its rapport in terms of international negotiations and helped solidify its recent agreement with the European Union. With these actions Mercosur's alignment and commitment with the principles of neoliberalism and trade openness was lucidly demonstrated, which in turn repudiated Venezuela.

The current position of Brazilian foreign policy to adopt a party in the Venezuelan internal political struggle demonstrates an assertive Brazilian stance of internal interference in the Andean country. A modification of the Brazilian diplomatic tradition of non-intervention. By putting itself politically against the current Venezuelan government, Brazil demonstrates alignment with the policies of other Latin American countries, the United States and Europe. This position of strong alignment with the global center, together with the Brazilian distance from its strategic surroundings and its leadership position in the construction of autonomous regional governance, leaves room for greater insertion and external leadership in South America. The opportunity for Brazil to expand its influence to the north of South America in order to promote the Brasília-Caracas axis (together with the Brasília-Buenos Aires axis), as a driver of economic, political, energy, security and culture still exists, however, drastic political and economic change must transpire in Venezuela. As an alternative and adopting a pragmatic and sovereign stance, Brazil could lead the regional search for a peaceful solution to the Venezuelan crisis, proposing and providing space for dialogue between the Andean country's internal political forces. This dialogue could be promoted within the scope of Unasur, or as a national initiative of Brazilian diplomacy.

Thus, the economic reconstruction of the Andean country could be pursued through regional initiatives and an environment conducive to trade and finance. Brazil is a natural leader due to its population and size in South America. Possessing 15,179 kilometers of border with 10 countries (of which 72% is an Amazon biome) and presence in two vital basins of the South- America Continent (the Amazon Basin

and the River Plate Basin) Brazil becomes dependent on its strategic environment to enter the International System and remain safe, autonomous and prosperous. To this end, relations with a stable Venezuela are essential.

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