“NOT ALL THAT GLITTERS IS GOLD”: CONTINUITIES IN INTERNATIONAL ORDER AND LIMITS TO THE RECONFIGURATION OF THE GLOBAL SOUTH*

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ABSTRACT

Current literature on International Relations has noted, for quite some time, that international power is undergoing a transformative process and that we are facing a “reconfiguration of the global South.” However, our opinion is that these statements exaggerate the depth and nature of the transformations. In this paper we will put forth for discussion the widely used concepts of “reconfiguration of the international order” and “democratization of international relations” and seek to test their scope and limits. Our hypothesis is that, even though since the beginning of the twenty-first century a redistribution of mainly...
economic resources has taken place globally, the rules, principles, institutions and policies that have structured the international system since the second half of the twentieth century have not changed. The discourse maintained by emerging powers is one of system reform, but in their actions they attempt to converge with traditional powers, following the path of liberal order. For the rest of the “South” this situation does not raise new possibilities for influencing and participating in the international system, but replicates the asymmetries and dependencies of the prevailing order.

**Keywords:** BRICS; International Economic Order; International Relations; South-South Relations

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**NO TODO LO QUE BRILLA ES ORO: CONTINUIDADES EN EL ORDEN INTERNACIONAL Y LÍMITES A LA RECONFIGURACIÓN DEL SUR GLOBAL**

Resumen

La literatura predominante en las relaciones internacionales señala, desde hace algunos años, que el poder internacional se encuentra en un proceso de transformaciones y que se está en presencia de una “reconfiguración del sur global”. En nuestra opinión, sin embargo, estas afirmaciones sobredimensionan la profundidad y el carácter de las transformaciones. En este trabajo pondremos en debate los conceptos tan extensamente utilizados de “reconfiguración del orden internacional” y de “democratización de las relaciones internacionales” y buscaremos testear sus alcances y límites. Nuestra hipótesis es que si bien desde comienzos del siglo XXI se ha producido una redistribución de los recursos principalmente económicos a nivel global, las reglas, principios, instituciones y normas que han venido estructurando el sistema internacional desde la segunda mitad del siglo XX no han presentado cambios. Las potencias emergentes enuncian un discurso de reforma del sistema, pero en sus acciones intentan converger con los poderes tradicionales, transitando por el sendero del orden liberal. Para el resto del “sur” este accionar no genera nuevas posibilidades de participación e influencia en el sistema internacional sino que replica las asimetrías y dependencias del orden prevaleciente.

**Palabras clave:** BRICS, orden económico internacional; relaciones internacionales, relaciones sur-sur.
NEM TUDO QUE BRILHA É OURO: CONTINUIDADES NA ORDEM INTERNACIONAL E LIMITES À RECONFIGURAÇÃO DO SUL GLOBAL

Resumo

A literatura que prevalece nas relações internacionais aponta, nos últimos anos, que o poder internacional está em um processo de transformação e que estaríamos na presença de uma “reconfiguração do sul global”. Em nossa opinião, no entanto, estas alegações exageram a profundidade e o caráter das transformações. Este artigo irá discutir os conceitos tão amplamente utilizados de “restruturação da ordem internacional” e “democratização das relações internacionais” e procurará testar o seu alcance e limites. Nossa hipótese é que, embora desde o início do século XXI houve uma redistribuição de recursos principalmente econômicos a nível global, as regras, princípios, instituições e normas que têm vindo a construir o sistema internacional desde a segunda metade do século XX não tinham alterações apresentadas. As potências emergentes estabeleceram um discurso de reforma, mas em suas ações tentam convergir com os poderes tradicionais, em todo o caminho da ordem liberal. Para o resto do “sul” esta ação não gera novas oportunidades para a participação e influência no sistema internacional, mas replica as assimetrias e dependências da ordem vigente.

Palavras-chave: BRICS; Ordem Econômica Internacional; Relações Internacionais; Relações Sul-Sul

Introduction

The rise of BRICS sparked off considerable debate in the discipline of International Relations. The impressive growth of these economies in a decade of high international permissiveness led to the suggestion of a profound transformation in the international order and the so-called “reconfiguration of the global South”.

Now that more than a decade of the twenty-first century has gone by, we can legitimately wonder if, analyzing the behavior of this group of states, it is possible to maintain the hypotheses regarding a new international order. At any rate, it would be useful to specify the scope of those transformations in the system and the effect they have

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4 In several articles and academic conferences in the IR disciplinary field a recurring use of the term can be observed. As an example we can mention the Conference of the International Studies Association -ISA- (Buenos Aires, 2014) and the special call of the Barcelona Centre for Internationals Affairs-CIDOB- (Barcelona, 2016). With respect to publications, the works of Pelfini and Fulquet (2015); Stuenkel, (2015); Quiliconi and Kingah (2016) can be named as examples.
had in the emerging countries’ foreign policies, both with respect to their links to the central powers and prevailing institutions as well as to the group of developing countries. ¿Has there been a reconfiguration of international order? ¿Has the rise of BRICS led to transformations of the power structures and their institutions? ¿Are we facing a more democratic order? ¿Did more possibilities open up for the rest of the global South?

From these initial questions, in this paper we will seek to prove three arguments. Firstly, that even though since the beginning of the twenty-first century a redistribution of mainly economic resources has taken place globally, the rules, principles, institutions and policies that have been structuring the international system since the second half of the twentieth century have not shown any substantial changes. As a consequence, our second argument is that the discourse maintained by emerging powers is one of system reform, but in their foreign policies they attempt to converge with traditional powers, following the path of liberal order. As a third point, we maintain that for the rest of the “South” the behavior of the emerging powers does not bring about a significant transformation in their possibilities for influencing and participating in the international system, but rather replicates the asymmetries and dependencies of the prevailing order.

That being said, the paper is structured in the following order. The first section is called “Prevalence of liberal order and limits to global redemocratization/multilateralization.” In it we carry out a conceptual review of current prevailing literature, focusing on the debate between realism and liberalism with respect to the rise of emerging powers and their impact on the configuration of international order. To consider which has been the impact of the mentioned phenomena on the reconfiguration of international order, we will turn to a set of empirical references, instances in which the BRICS countries have behaved in ways that do not stray from the patterns of current liberal order. Namely, the creation of the Asian Infrastructure Investment Bank (AIIB) promoted by China; as well as the behavior of that country in the OMC negotiations; the stance of the mentioned countries on the reforms of the International Monetary Fund (IMF) and the World Bank (WB), and the encouragement of Bilateral Investment Treaties (BITs) by Brazil. The second section introduces the debate on “The other South: links between developing countries and emerging powers.” There we will discuss some of the consequences implied by recognizing the limits to world order transformations. To do so, we will analyze the complex relationship between Brazil and Argentina, since they represent a link between an emerging country and a developing country, both in the commercial and financial dimensions of their link. Finally, the conclusions of the paper are presented as well as their impact on IR research. It is crucial
to specify the concepts regarding the transformations that took place and to gather further empirical evidence in order to clarify certain clichés typical of our disciplinary field. The perspective from which prevailing literature has studied the phenomenon that this paper analyzes has been eminently optimistic, and that is not consistent with our findings so far.

**Development of the Topic**

**Prevalence of Liberal Order and Limits to Global Redemocratization/ Multilateralization**

The concept of *International Order* is a key element in the debate that frames this paper. However, it has not always been explicitly defined. From realism and neorealism the emphasis on the concept of international order has been placed on the distribution of power, within only one structure (Waltz, 1988). The behavior of states will depend on the distribution of relative capabilities within the international structure. Greater concentration of power in a few players will lead to vertical orders, while a dissemination of power into many agents will bring balanced power structures as a result.

For their part, neoliberals, presuming the fungibility of power, have considered the existence of multiple structures and identified order with the possibility of generating cooperation instances through principles, institutions, standards of behavior and rules, which guide the conduct of states. The discussion about international regimes has overlapped with that of international order. Unlike realists, they are not unaware of the significance of power relations in the determination of order, but they maintain that international regimes can intervene between the states’ links when power relations vary (Keohane, 1988).

Finally, critical theories (Cox, 1983; Wallerstein, 1979) have focused their analysis on the inequalities intrinsic to capitalist economic structure and the restrictions these imply for the development of peripheral countries. This situation has caused the crystallization of power relations in the international system and, therefore, it brought about as a result the conformation of an order whose main characteristic is the North-South division.

Despite theoretical differences, a general consensus has existed in the literature about the effects the rise of emerging countries (mainly, BRICS) has had in the current international order. Authors belonging to realism and liberalism as well as supporters of critical approaches agree on the assumption that the end of the first decade of the twenty-first century reveals that the power distribution in the international system (at an interstate level) has undergone significant changes (Zakaria, 2011; Nye, 2011; Keohane, 2009). As Ikenberry points out, “here is no longer any question:
wealth and power are moving from the North and the West to the East and the South” (2011:17).

However, differences emerge regarding the nature of the observed transformations and their impact on the international order. The more optimistic ones have been arguing the advent of a “democratization,” as a result of the dispersion of power and the rupture of the North-South division fruit of the multipolarization of power resources. This is the line of thinking in which we find the contributions of Latin American left-wing authors (Bernal Meza, 2013; Ferrer, 2012, Bresser Pereyra, 2010). Other more moderate interpretations note rifts but also continuities in the current international order, such as Fareed Zakaria in his famous thesis about the rise of the rest and Jospeh Nye’s theory about smart power. The latter supports the idea of multipolarism provided that the board on which the tokens of international politics move are identified; while on the military board we can observe no great changes, on the economic board we can detect a growing multipolarity. Hass also recognizes the fragmentation of the international order, expressed in the concept of nonpolarity (Hass, 2008). For their part, scholars like Buzan and Lawson (2014) suggest the emergence of a “decentralized globalism” that maintains its liberal character. In this, no state may replace the USA as a superpower, inasmuch as no state will be able to acquire sufficient relative power to dominate the system on the whole. In this regard, Ikenberry (2011) can also be considered to have extensive literature on the limits emerging powers encounter so as to modify the liberal international order. Lastly, there are authors who place no faith in the idea of multipolarity, given the fragility of power of the emerging countries, thus questioning the very explicative weight of the multipolarity concept (Brun, 2015). The depth of the power distribution, how sustainable it may turn out to be, and how receptive may be the governance of twentieth-century international order are the diverging lines between the different stances.

Having said that, within the debate on the multiple interpretations of the notion of “multipolarity” of the current order, in this specific section we wish to focus on two main points. First of all, we wish to note that there is significant evidence to support the idea that the relative distribution of economic power has changed in comparison with the last decades of the twentieth century (Laffaye, S., Lavopa, F., y Pérez Llana, C., 2013). This change has focused on the highest segment, considering the distribution of global GDP. In other words, well into the second decade of the twenty-first century, the concentration of economic power in the North countries in relation to BRICS, in categories such as resources, capital and investments, trade, stock of technology, market access, etc., is less than it was at the beginning of 2000. However, the distribution of those elements among developed countries
plus BRICS, and the rest of the world, still shows high asymmetry levels. For instance, if we take participation in world trade during the first decade of the twenty-first century, no structural changes can be observed in commercial concentration, although it is possible to see some changes regarding the main participants, with China\(^5\) gaining prominence in particular (Zelicovich, 2013).

The second aspect has to do with the behavior of emerging powers in relation to the current liberal world order. This order is the expression of Western development in the nineteenth and twentieth centuries and is sustained by principles such as endorsement of democracy as a form of government and free market as an economic model, as well as the existence of a de facto hierarchy of states, which are sovereign and self-determined (Ikenberry, 2011). The great question lies in knowing whether BRICS, after a decade of noticeable rise in international hierarchy, are willing to change the game rules and build a new “non-liberal” international order (more rebellious and revisionist, fragmented into blocs, protectionist and with regional rivalries) or, on the contrary, their strategy is to accept and walk along the liberal international order designed by the powerful “club” (mainly, the USA). In other words, the question that arises in an international rise context is the following: Which strategy is more convenient to keep “climbing” the ladder of the international system? The dichotomy lies in joining the club and playing by the established rules or questioning the club and some of its rules and trying to replace them.

Realist interpretations (Brzezinski & Mearsheimer, 2006; Kaplan, 2010) note that the relative increase of power in a group of states inexorably leads to global tensions, disputes and conflicts, given the limitations of the current order to respond to the needs for international rise. Thus, from the point of view of these interpretations, rebellious and revisionist strategies are essential (and unavoidable) if the goal is to avoid the freezing of force relationships in the international system.

Against the statements of the realist approach, so far the elements of liberal order (based on rights, institutions, asymmetric distribution of power, principles) have not been affected by the economic rise of BRICS, nor have its actions been questioned. The five BRICS countries have global ambitions and have maintained the need to reform the current global governance

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\(^5\) According to statistical data from the WTO, five countries encompass half of the world trade (excluding European Union internal trade). Only in 2008, 2010 and 2011 it’s necessary to add a sixth country to account for 50\% of global trade. In those cases Korea (in 2008) and Russia (in 2010 and 2011) are the ones who join the list.
system (Smith, 2015). However, this demand for a greater share of power in international organizations has not led to an alteration of those organizations’ structural foundations. One of the reasons for this continuity lies in the nature of such rise. In specific terms, in world economy, global production chains and transnational finances are linked to a series of players and interests within the borders of the “rising” states, which generates incentives to maintain the current structure that allowed such rise. We agree with liberal approaches (Ikenberry, 2011; Buzan, 2010; Hurrell, 2006) on the fact that for emerging powers the incentives to operate within the liberal international order are much greater, given that, once certain attributes of power are gained, it is more convenient to usufruct the rules, practices, and institutions than attempting to transform the system. As Buzan and Lawson (2014) suggest, the universe of differences (specially ideological) that may arise between the different developed and rising countries is narrow, and the common standards shared by elites regarding what they expect from globalization reduce conflicts. More optimistic interpretations find that this limited capacity to change the system is due to the youth of the group and to an alignment of interests in the prevailing institutions, considered as forums to build alliances against more powerful states and to propose their interests (Smith, 2015). Either way, it is accurate to state that “despite having recognized the growing abilities of the [BRICS] bloc, we find no evidence that they combine them with anti-establishment aspirations” (Turzi, 2011:109).

For example, so far in this decade, China (and other emerging powers) have not contested the underlying principles of the current (liberal capitalist) order. In Hongsong Liu (2014) we may find empirical evidence on China’s participation in recent negotiation processes: both in WTO’s Doha Round as well as in G20’s debates, China has not questioned the current principles and rules of the system, but rather the way in which power is distributed in international organizations, demanding their reform. What China has encouraged with its proactive involvement in said contexts is more of an expansion of pro-development principles, without contesting the system components. Thus, China and other emerging countries have sought, through multilateral institutions, greater room to demand rights and revise some rules, but not the elimination of existing bodies. “Although the United States’ position in the global system is changing, the liberal international order is alive and well” (Ikenberry, 2011).

In this way, the prevalence of liberal order does not mean there have not been any changes. There is a new relative distribution of power, although it has not affected the core of behavior rules, principles, and institutions of the prevailing order. Multilateralization seems to be limited, and instead of a redemocratization we observe a reordering in the hierarchy.
of the relative power structure. The reconfiguration of international order turns out to be limited, and rather more a mere rhetorical exercise that certain political leaders use to legitimate not so democratic actions of their states.

At this point, we deem relevant to delve into the used concepts: does the fact that there are more centers of power imply a redemocratization? When the concept of democracy as a national political regime is extrapolated to the international arena, certain distinctive features of said concept should be considered, such as the equal opportunity to participate held by every member of the system, similar to the possibility citizens have for voting under equal conditions; the prevalence of guidelines or norms that justify and organize the existence of a power structure, similar to a constitutional charter, and the upholding of certain liberties. However, as we shall see, those aspects are not evident in the current state of affairs, nor do they seem likely if we look at BRICS’ behavior. In fact, historically speaking, there is no empirical evidence of a truly democratic international order.

After more than half a century of power concentrated in a few hands (the bipolar order of the Cold War and the unipolar one of the immediate post-Cold War era), the international order once again began to show signs of a growing multipolarity (several centers of power) at the beginning of the new century. However, a greater dissemination of power—understood as attribute and as influence—into multiple players has clashed with an international order designed and structured in a world that no longer exists today. In other words, according to the discourse of the main leaders of emerging powers, the new configuration of the world map must be accompanied by significant reforms of the institutions and norms of global governance that reflect the changes that have taken place. Thus, the notions of “democratizing international relations” or “democratizing globalization” became part of those players’ diplomatic lexis in the different international forums. They claim that the stage is now set so that many players can have a full say in international affairs and the same attributions are not limited to a handful of countries.

Nevertheless, and spite of the discourse they maintain, the actions that many of those countries have been taking are not compatible with the idea of global democracy. In fact, emerging powers try to legitimate a reordering of the hierarchy of the world power structure—the goal to which they really aspire. We agree with Smith (2015:26), who points out that this (BRICS) group does not seek to undermine the global multilateral system, but does seek to gain greater representation in existing institutions. Though, as the author notes, problems arise when there are attempts to put these broad compromises into practice.

As Ikenberry states (2014), countries like China and Russia, are not revisionist powers, but rather part-time
“spoilers.” In the empirical evidence reviewed below, we shall see that BRICS countries not only have not been revisionists, but have also contributed to strengthening and spreading the liberal order. In that course, they have been inclined to sustaining a hierarchical structure, and in the best-case scenario the “democratizations,” if there were any, only reached themselves and not other developing countries. Within the Bretton Woods order institutions, the behavior of BRICS countries shows no structural transformations. As for WTO negotiations, we have already pointed out China’s role as one of the emerging states with greatest market power, but which has not translated such power into reforming the system, only limiting itself to promoting certain principles. Meanwhile, Brazil and India have encouraged reforms in matters of Intellectual Property and Public Health, as well as Agriculture, but have not shown any kind of support towards the rest of the developing countries when it comes to perpetuating the negotiations’ method of gatherings in smaller groups, like in the so-called Green-Room⁶. That is to say, negotiations are still carried out among a few countries. At the same time, in the WTO’s Dispute Settlement Body, we observe a strong participation of BRICS in arguments, since they turn to this mechanism as a way of facing developed countries (Delich, 2015). Both behaviors end up strengthening and legitimizing the pre-existing liberal order in trade matters.

Within the IMF, in the context of the debates which took place in the G20 in the months following the 2008 crises, BRICS countries focused their actions on strengthening the institution, in exchange for increased power quotas (Haibin, 2012). According to the reform that began in 2008, and was then expanded in 2010⁷, there is “a shift of more than 6 percent of quota shares to dynamic emerging market and developing countries and more than 6 percent from over-represented to under-represented countries, while protecting the quota shares and voting power of the poorest members” (IMF, 2010). As a result, “the 10 largest members of the Fund will consist of the United States, Japan, the ‘BRIC’ (Brazil, China, India, the Russian Federation), and the four largest European countries.

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⁶ It’s a negotiation method which seeks to reach agreements among a small number of negotiating parties, then expanding them to the rest of the members. During the GATT negotiations, Green Room-style meetings were common. Those were summoned by the General Director, and in their innermost circle they included the most important countries, such as the USA, the European Union (then EEC), Canada, Japan, as well as other key players depending on the topic of negotiation. During the Doha Round, this practice took on the system of mini-ministerial negotiations and meetings of 5, 6 or 7 countries. The exclusiveness and the transparency issues of these gatherings have been criticized by those who were excluded from them.

⁷ However, this last reform needs to be ratified by the USA to take effect.
(France, Germany, Italy, the United Kingdom)” (IMF, 2010). Around the same time, the World Bank increased its capital and voting power: there was “a 3.13 percentage point increase in the voting power of Developing and Transition countries (DTCs) at IBRD, bringing them to 47.19 percent, a total shift to DTCs of 4.59 percentage points since 2008” (WB, 2010). Precisely China, India, and Brazil were among the countries that benefited the most from this reform. Developing countries that experienced a slight boost of their power quickly lost it under the effects of the subsequent recession over the next years. As the studies of Vestergaard and Wade (2014) reveal, only four years after the changes of 2010, the voting power of developing countries had reduced by 3%. In this sense, the reform of international economic governance has been rather limited in the number of countries which benefited from it and moderated with regard to the level of transformation achieved.

More recently, China has promoted the creation of the Asian Infrastructure Investment Bank. In its official website, it is described as a “a multilateral development bank (MDB) conceived for the twenty-first century,” in a clear allusion to showing itself as an innovation within a new international order, far from financial institutions “of the twentieth century” such as the WB and the IMF. The AIIB arose in 2013 as an initiative of the People’s Republic of China after President Xi Jinping’s visit to Southeast Asian countries. After nearly two years of negotiations, on June 29th 2015, 50 countries signed the Articles of Agreement, becoming Founding Members. A salient fact is that among them are countries from all regions in the world, many of them traditional allies of the USA8.

The new bank reflects a new geopolitical reality framed by the rise of China as a world power (Renard, 2015). Since the beginning of the second decade of the twenty-first century, China seems determined to play its role of international creditor (the Asian giant has over 3,000 billion dollars in international reserves) with the goal of gaining political and financial influence in the international system. The AIIB, together with the New Development Bank (BRICS bank), are the two institutions promoted under Beijing’s leadership whose main aim lies in offering public assets, thus establishing themselves, along with Washington, as “hegemonic stabilizers,” according to

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8 The following are founding members: Australia, Austria, Azerbaijan, Bangladesh, Brazil, Brunei Darussalam, Cambodia, China, Egypt, Finland, France, Georgia, Germany, Iceland, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Republic of Korea, Kyrgyz Republic, Lao PDR, Luxembourg, Maldives, Malta, Mongolia, Myanmar, Nepal, Netherlands, New Zealand, Norway, Oman, Pakistan, Portugal, Qatar, Russia, Saudi Arabia, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Tajikistan, Turkey, the United Arab Emirates, the United Kingdom, Uzbekistan, and Vietnam.
the famous notion coined by Charles Kindleberger.

As Elgin-Cossart & Hart (2015) very well argue, Chinese leaders are throwing capital into these new lending institutions because they are frustrated with Washington’s refusal to support reforms in the World Bank and the IMF, that would give China and other emerging nations more power, on par with their growing relative clout worldwide. In this sense, a general consensus seems to exist over the AIIB representing a clear example of the new power distribution in the twenty-first century, which appears to be shifting from the West to the East.

Nonetheless, the functioning of that institution resembles that of the “old” organizations. The AIIB’s operations are very similar to the way in which the USA has ensured control over the Bretton Woods institutions created under its influence zone. China managed to get 26% of the Board of Governors’ votes, since it is by far the biggest contributor (30.34% of the total funds). As a consequence, Beijing has veto power over key decisions of the Bank because these require at least 75% of the votes. For this reason, despite China’s claim of helping to build “a more equitable, just and effective architecture of global governance,” the newly created AIIB is far from meeting these ideal principles. The new bank is an obvious example that the dispute over international order is quantitative (material distribution of power) and not qualitative (norms, rules, and functioning of governance) in nature.

Another case in which we can observe the tendency to maintain the liberal order, even in the midst of the BRICS’s rise, is in the shift of Brazilian foreign policy towards the signing of Bilateral Investment Treaties (BITs). Brazil’s stance on that sort of agreements has changed over the last twenty years, passing through different standpoints which can be described conceptually as shifting from rejection to acceptance (Actis, 2015). Brazil’s changing stance regarding these bilateral treaties needs to be understood in the light of the economic transformations undergone by the country. In the 1990s, the South American country was, almost exclusively, a mere recipient of Foreign Direct Investment (FDI) flows coming from developed economies. The context of economic liberalization did not manage to break the defensive attitudes towards international economy that was still perceived by Brazilian elites as a threat to the interests of the production sector. As a result, the 14 BITs signed—and proposed by developed nations—

between 1995 and 1999 were not ratified by Congress, because they were deemed to damage national sovereignty, given the prerogatives and benefits they offered to the interests of foreign multinational companies. However, within the framework of a foreign policy with a strong political content, the administration of the former union leader did not add the topic to its agenda due to BITs’ North-South connotations.

The situation described above began to change by the middle of the first decade of the twenty-first century. By that time, Brazil was not only a major recipient of FDI but had also become a country that issued investment capital flows as a result of the consolidation of many of its large companies (Odebrecht, Camargo Correa, JBS, Votorantim, Magnesita, Gerdau, Marfrig, Marcopolo, BrazilFood, Weg, Embracer, Vale, Petrobras, Banco do Brasil, Vale, among others) as genuine multinationals. Such players started to demand offensive policies, since globalization offered not only threats but also “opportunities.” Besides, under the administrations of “Lula” Da Silva (2003-2010) a series of events took place –tensions with Petrobras in Bolivia and Odebrecht in Ecuador– which affected Brazilian investments in foreign countries, increasing companies’ pressure to obtain some protection for their businesses. At the beginning of her term, Rousseff tried out a less “politicized” foreign policy with a lower profile. In that context, some proactive progress was made regarding the promotion and protection of Brazilian investments with an agreement that attempts to distance itself from certain “one-sided clauses” contained in traditional BITs. The Acordo de Cooperação e Facilitação de Investimentos (ACFI) or Agreement on Cooperation and Facilitation of Investments (in English), which could be called “light BIT,” fulfils its role of providing legal certainty to Brazilian investments while trying not to damage the sovereign competences of the host states. In short, ACFIs represent a significant adjustment in Brazil’s foreign policy as a result of the changing domestic needs related to the new interests of Brazilian big companies and business sector. The current paradox is that some of the norms and tools of the liberal

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10 Brazil’s Foreign Affairs Minister, Ambassador Mauro Viera, signed in April 2015 two ACFIs with Angola and Mozambique. After two years of drafting and negotiating, Brazilian diplomacy managed to sign international agreements with African countries. ACFIs, which need to be ratified by Congress, are part–beyond their characteristics and their name–of the universe of what is known as Bilateral Investment Treaties (BITs), which attempt to be a political and legal tool to promote and protect investments. By the end of 2015, this sort of agreements have already been signed with Mozambique, Angola, Mexico, Malawi, Chile, and Colombia, while negotiations are still being conducted with South Africa, Algeria, Morocco, Peru, and Tunisia.
international order (such as BITs) that were once criticized and rejected—even by the currently ruling party—have now become resources for Brazil’s rise in international structure and for Brazilian—globalized—development.

The other South: Links between Developing Countries and Emerging Powers

If we accept that democratization is only limited, we can hardly speak of a “reconfiguration of the South,” or at least of a positive and homogenous reconfiguration of the South. The re-ordering of BRICS in the global hierarchy, as the main examples of emerging powers, represents for developing countries—those that make up the “other South”—an increasing complexity in their foreign relations. Asymmetric and dependant relations in the twenty-first century are not limited to North-South relations: the connections between emerging powers and developing countries within South-South relations also reproduce the asymmetries. As a consequence, the “South” category no longer explains one set of relations among states, but rather three types: one among developing countries, another between them and emerging powers, and a third type that binds emerging states together.

While for the first of these types the prevailing IR literature is still valid, and for the third one we find extensive work referring to BRICS, their scopes, and limits (Da Silva, 2014; Oropeza García, 2011; Shaw, 2015, among others), the relation between emerging powers and developing countries has been less studied. One of the cases we can mention is Muhr (2014), and Schoeman (2011) as well. In order to contribute to the development of such line of research, we conclude this paper with the analysis of two recent cases of a relation between an emerging power (Brazil) and a developing country (Argentina). In fact, both in their commercial and financial relations we can observe some of the characteristics and dilemmas posed by this sort of link.

The tensions of negotiating next to a global player: Argentina and Brazil in the Doha Round.

The Doha Round negotiations were one of the topics that Argentina and Brazil shared in their agenda of foreign economic relations in the twenty-first century, under the protection of MERCOSUR. However, the growing asymmetry between the two countries ended up undermining and complicating their potential mutual cooperation, revealing the complex nature of a bond between an emerging power and a developing country.

By 2008, in the context of the beginning of the international financial crisis, the negotiations had reached a point in which an agreement was sorely in need, and a mini-ministerial meeting was summoned in Geneva with the
purpose of discussing a possible package of measures to be agreed upon. Although there had already been several disagreements between Brazil and Argentina within the Doha Round, examples of “cooperation through leadership,” it was in this week in 2008 when it the impact of shifting from a status of two developing countries to one of a developing country and an emerging power was felt with greater force. The fact that Brazil sought to play a more political role within the multilateral structure caused the MERCOSUR partners to act differently.

For the mid-2008 mini-ministerial meeting, MERCOSUR had prepared its joint negotiating position during the San Miguel de Tucumán summit (July 2008). In this gathering the bloc countries had agreed on “the need for new progress to be made in the issues of Agriculture and Non-agricultural Market Access (NAMA) which would allow us to reach balanced and forward-looking agreements that meet the necessity of promoting trade liberalization and favoring development, particularly of developing countries.” To do so, they urged developed countries to achieve results “that address the less than full reciprocity and show a special and more favorable treatment towards developing countries.”

However, on the fifth day of the negotiations in Geneva there was a change in modality and out of 25 states summoned, only 7 of them gathered round a “small table” (G7) on July 21st: Australia, Brazil, China, the United States, India, Japan, and the European Union. In that new scenario, neither MERCOSUR nor G20 managed to maintain their joint negotiating positions. Faced with the new negotiating situation, the Brazilian representatives separated themselves from the bloc’s position and prepared to accept “as a whole” the proposals made by WTO General Director, Pascal Lamy, which were not supported by the rest of the developing countries.

This situation triggered a series of diplomatic tensions. Neither Argentina, nor the other MERCOSUR members or the G20, felt represented by Brazil’s actions (Corradini, 2008). As for Brazil, its replies were categorical: Celso Amorim said that Brazil could not be “held hostage” by Argentina, and added that “I knew there were differences, but I thought that what was good for Brazil would also be good for Argentina” (Corradini,

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11 It is a “kind of asymmetrical cooperation in which the leader country proposes to the ones led what it would be in their best interest to do (Jaguaribe, 2004)” (Miranda, 2004).

12 On that subject, Stancanelli (2008) noted that the coefficient of 8 for industrialized countries would make it possible for the USA and the European Union (EU) to decrease their tariffs by 42%. However, for Argentina, a coefficient of 20 (the lowest coefficient for developing countries) would imply an average reduction of 60% of its current consolidated industrial tariffs.
For its part, Argentina pointed out that Brazil was the one who had departed from the joint negotiating position. In their statements to the press, Argentinian officials noted that “our country worked with more rigidity or with less flexibility because we demanded a strict compliance with the Doha Round criteria: not having to pay excessively in industrial market opening what we would be getting in matters of agricultural liberalization, and that developing countries would have to make [import] tariff reductions that were smaller than those of developed countries—all of which was not fulfilled” (Rebossio, 2008).

In the crisis context, progress in negotiations stalled over disagreements concerning agriculture and the gap in the stances held by India and the USA, and not over the negotiations on non-agricultural market access and Argentina, or this country’s disagreements with Brazil and the Lamy Package. However, for MERCOSUR, and specially for the Argentina-Brazil relationship, the negotiation in Geneva was one of the events that showed the weakness of the regional bloc institutions and the limitations of joint bargaining in contexts in which the interests of “development” clashed with those of the “global player.” Not only was there no progress made on what had been defined as an agreed position, but this situation also highlighted how, in the face of a growing asymmetry and a lack of strong institutions, the problems of the distribution of negotiations’ impacts grow deeper as “lesser” states are forced to subsume their own national interests to those of the leader. Besides, the succeeding disagreements undermined the external perception of the bloc, as well as the cohesiveness of the trade coalition of the G20.

Argentina-Brazil in the face of new asymmetry forms: functional asymmetry in the FDI global system.

Around the second half of the twentieth century, developing countries in general, and Latin American ones in particular, began integrating themselves to the economic competitiveness of multinational companies from developed countries in search of new markets and resources. For South American economies with big markets and industrial productive structures, both in the period of the imports substitution model as well as—specially—in the boom of economic

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13 Detailed information on the SSM debates and a comparison between the different projects discussed are available in World Trade Organization (2008).

14 Previously, in 2005, there had been some similar minor disagreements, when Brazil made an offer in the NAMA which was larger than the one agreed within MERCOSUR. The conflict was brief, given that in that instance Argentina did quickly accept Brazil’s offer, since the reduction would not affect national sensitive products.
liberalization, the attraction of FDI inflows played a key role in the opinion of policy-makers. In this context, Argentina and Brazil became major recipient players—or host countries—for FDI inflows in the 1990s.

The status as FDI host countries created common perceptions in the governing elites of both countries regarding the benefits of attracting and receiving foreign investments. The transfer of technology and technical knowledge, job creation, access to financing sources, encouragement of competition with local producers, and income of foreign currency and their positive impact on the balance of payments were all aspects praised by the administrations of Mello-Franco-Cardoso in Brazil and the Carlos Menem’s administrations in Argentina.

In the last quarter of the twentieth century, Brazil and Argentina began a process of incipient internationalization of their productive structures (CEPAL, 2005). Both economies established abroad (mainly in the region) a small number of successful companies from the substitution model. In this way, Brazil and Argentina shared until the end of the twentieth century a functional symmetry in the FDI global system by being major developing countries which hosted significant FDI inflows and had incipient internationalization processes of their national economic groups.

The situation described underwent significant changes at the turn of the twenty-first century. By the beginning of the 2010s, we can see a shift from a situation of symmetry to one characterized by a fork in the path of Brazil and Argentina with respect to the FDI global system. While Brazil became a major player regarding inward and outward FDIs as a result of the consolidation of its companies’ internationalization process, Argentina continued to be, basically, a host country due to its exclusion from the third wave of internationalization and the multilatinas process (Santiso, 2008). We conceptualize this phenomenon as a functional asymmetry in the FDI global system between Brazil and Argentina. Its nature lies in the fact that, while Argentinian economy—and its production framework—was not able to break denationalization and foreignization with the “post-convertibility” model (Aspiazu, D., Manazanelli, P. y Schorr, M., 2011), which only intensified its

The negative impacts of FDI inflows were not a main concern for the government. However, they caused considerable debates among both societies. As Stiglitz (2002) points out, the displacement of local competitors, the monopolistic status of the companies, and their lack of compliance with local laws, among others, are some of the issues that FDI host countries have to face.

The notion of “post-convertibility” refers to the workings of Argentina’s economy after the end of a fixed exchange rate and monetary policy (called convertibility) which lasted during all of the 1990s until the devaluation in January 2002.
peripheral status, at the same time Brazilian economy—as well as a great part of its productive structure—did become internationalized and established itself at the core of global capitalism. In the twenty-first century both processes not only took place simultaneously, they also reinforced each other, causing the shift from a situation of symmetry to one of asymmetry.\(^\text{17}\).

An example of how this asymmetry affected the relations between the countries took place in 2012. Years before, in 2009, Brazilian company Vale had began to make great investments in the province of Mendoza, which included potassium mining and the construction of a railroad to transport this product through the Bahía Blanca harbor, also expanded by Vale. In 2012, as commodities’ prices decreased and Argentine economy underwent some changes, the company decided to abandon the project. This situation caused disharmony in the bilateral relation: while Argentina demanded the Brazilian government to intervene in the situation, so as to protect the investment and the jobs, Brazil’s reaction was the one historically shown by developed FDI-issuing countries. Brazil favored the company’s private interests, not submitting its decision to bilateral diplomatic affairs. Vale withdrew its investment and created a negative socioeconomic impact for the host country. The fact that the Brazilian government—like any other country with FDI outflows—saw its bilateral relations affected as a result of controversies with its national companies and that, at the same time, the Argentinian government—as a host country—had specific disagreements with major multinational companies—Brazilian, in this case—was one of the most striking novelties in the development of the bilateral link in the course of the twenty-first century, which is an incident true to the nature of the functional asymmetry in the FDI global system. So, it becomes clear how by having large companies investing abroad, Brazil begins to experience dilemmas typical of developed countries with FDI outflows, and this situation affects its bilateral relations, causing difficulties in cooperation forums within the “other South.”

Conclusion

Traditionally, analyses of International Relations in the twentieth century

\(^{17}\) Bouzas and Kosacoff (2010) conducted a study and analysis of the increased economic asymmetries in favor of Brazil. The authors point out that along with the structural asymmetry (size) that exists since 2000 other three asymmetries have consolidated: market share, productive and regulatory specialization. It should be noted that these asymmetries, like the one studied in this paper, should be seen in the light of Brazil’s greater relative growth (in terms of net GDP) with respect to Argentina. According to World Bank data, while Brazil’s GDP was (in average) twice that of Argentina during the 1990s, by the second decade of the twenty-first century, Brazilian economy was four times larger than Argentinian economy.
distinguished two types of main links: the first between developed countries among themselves, and the second between developed countries and developing countries. To a lesser extent, the study of a third (and marginal) type of link could be identified, concerning the relations among developing countries. The reconfiguration of international order, understood as a reordering in the hierarchy of nations, as a result of the rise of a certain group of countries, forces us to use new conceptual categories by adding two key relations to the previous ones: one between developed countries and emerging countries, and another between emerging countries and developing countries.

With respect to the first of these new links, the evidence analyzed in this paper is not conclusive to state that BRICS are playing a transforming role in the international system, rather that the scope of the reforms they have encouraged is quite limited. The (re) democratization of the international system has not been that deep and, in essence, the structural aspects of the liberal order are still intact. Simultaneously to the decrease of the relative asymmetry in power resources (mainly economic), we observe a growing convergence of interests between developed countries and BRICS, which has facilitated cooperative relations channelled through existing institutions. Although tensions still exist, the BRICS’ ways of facing them replicate those of the liberal order. Even in a case such as the creation of the AIIB, which could be considered as a certain challenge to the current order and power struggle, its functioning replicates the same practices of power accumulation typical of the questioned “old order.”

In contrast to this, in the relation between emerging countries and developing countries, interests begin to diverge in the context of an increase of certain power asymmetries. The heterogeneous nature typical of the so-called “South” has exacerbated in the course of the twenty-first century. For developing countries, the rise of BRICS has not resulted in a democratization of the international order, while their foreign relations and cooperation forums have become more complex. Not only in the North-South axis, but also within the South itself, BRICS have replicated the same sort of behavior once displayed by developed countries.

In the IR discipline there is a pressing need to incorporate these nuances into the analyses and to dislodge certain increasingly-used clichés about the configuration of the South and its role in the current international order. The nature of mainstream IR has caused biased researches, with plentiful theorizing and empirical analyses focused on the links between developed countries in which the South is presumed to be a homogenous group that can be driven by BRICS. There are not many analyses that acknowledge the asymmetries and power logics that constrain relationships within...
the so-called “South”, and these are necessary to account for the order reconfiguration processes. Otherwise, we will continue carrying out analyses guided by the logic of desires (wishful thinking) and not by the logic of facts.

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