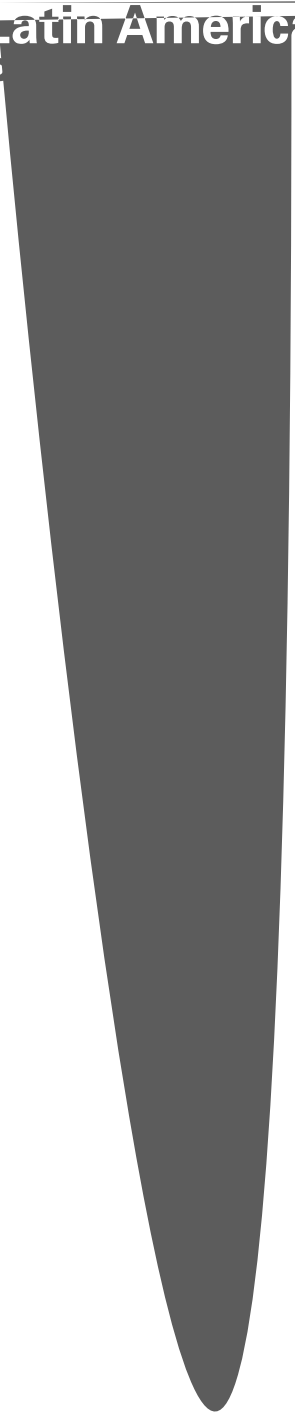


Latin America

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Former Brazilian Foreign Minister Celso Lafer often emphasizes that the relationship between Brazil and Argentina is one of destiny, not merely a choice. With this belief, the governments of both countries have overcome various crises over the past three decades, trying to make the necessary adjustments to maintain the strategic alliance between the two countries and keep the Mercosur bloc alive. The challenges have often been significant, but until the period when former Presidents Jair Bolsonaro and Alberto Fernández coexisted, they were essentially limited to economic and trade disputes.

When President Luiz Inácio Lula da Silva of Brazil took office for his third term in January 2023, with Fernández still in power in Argentina, the waters calmed and the two countries relaunched their historic alliance. It was a presidential election year in Argentina and Brazil clearly bet on Peronism remaining in control of the Casa Rosada. But in a surprising turn of events, the winner of the election was the libertarian Javier Milei.

The ideological differences between Lula and Milei have triggered a new bilateral crisis between Brazil and Argentina. According to Brazilian diplomats, including Ambassador Julio Bitelli, this situation represents a “paradigm change” in Argentina, introducing unprecedented challenges for Brazil.

For those who lived in Brazil through the early years of Mercosur, during the governments of José Sarney, Fernando Henrique Cardoso, and Lula’s earlier presidency, it is difficult to relate to an Argentina that has made a 180-degree turn in its political and economic orientation.

Brazil is still Argentina’s main trading partner, and Argentina is Brazil’s third-most important. But trade is falling; in the first half of 2023, imports of Brazilian products fell by almost 40% in Argentina. Meanwhile, the political relationship is on a fragile foundation.

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The wear and tear is significant, forcing the foreign ministries of both countries to make enormous efforts to ensure that the relationship does not come to a complete standstill. Brazil and Argentina are not just partners in Mercosur. During non-turbulent periods, coordination between the bloc’s dominant two members has been essential for regional integration, joint action in international organizations, trade negotiations with other blocs and countries, and the resolution of regional crises. There are many examples, including in 2003, when the governments of Brazil and Argentina helped mediate a political crisis in Bolivia. Today, by contrast, Nicolás Maduro’s Venezuela is making a turn—seemingly irreversible—toward an authoritarian regime and Brazil and Argentina have not coordinated their response. While Lula is quietly supporting a negotiated solution, Milei openly attacks Maduro.

Even so, there are reminders that the relationship between Brazil and Argentina can endure high levels of stress without breaking down. Notably, Brazil stepped in to manage Argentina’s Embassy in Caracas after Maduro expelled Argentine diplomats, demonstrating that relations, though uneasy on the surface, still have solid foundations.

Milei and Lula will never get closer, no representative of either government has the slightest expectation of that happening. But the two presidents seem to listen to their advisers who argue in favor of preserving a relationship that strengthens both countries internationally. Although they often vote in opposite ways in multilateral forums, such as the United Nations, on issues such as the war between Russia and Ukraine, they rely on one another's support in other organizations, such as the International Monetary Fund.

Officials from both governments use the metaphor of marriage to talk about the relationship. From that perspective, the couple is going through a difficult phase, but has decided not to separate, just to sleep in separate rooms. Dialogue is scarce, there are no expressions of mutual affection, but no one is interested in divorce. Why not? Because the factors that led to the creation of Mercosur are as relevant today, including the desire to increase the power of its members in international negotiations. Mercosur is negotiating a free trade agreement with the European Union, and it has reached agreements with Singapore, the United Arab Emirates, and others.

If for Uruguay and Paraguay, Mercosur facilitates their integration into the world and allows them to punch above their weight, for Brazil and Argentina, it is a platform for regional leadership. It is no surprise then that none of these governments that have at times harshly questioned Mercosur in recent years has seriously considered leaving the bloc. Amid the global dispute for power between the United States and China and their partners, Mercosur still has meaning for its members, large and small.

Moreover, compared to other regional integration attempts, such as the former Union of South American Nations (Unasur), Mercosur is a relative success, with cooperation mechanisms on economic, commercial, health, and defense. This is no small feat in a deeply divided Latin America, with enormous difficulties building consensus.

The same is true for the Brazil-Argentina relationship, still relatively strong, despite it all, tested by politics and personalities, but ballasted by long-term national interests. As Brazilian analysts like to say when it comes to Argentina, "presidents pass, countries remain."

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