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Chapter

Neo-Developmentalism and Regional Integration: IIRSA Impact in the Environmental Agenda in the Amazon

Pedro Pablo Cardoso Castro and Nirvia Ravena

Abstract

The regional integration policy in Latin America was based on the premises of the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA), seen as a development strategy adopted by the regional political elites and as an instrument of Brazilian foreign policy. Focusing on the projects undertaken in the Amazon Hub, the article analyzes the integration strategy and its impact on environmental regulation. The paper highlighted the role played by the developmentalism goals in the region regarding the environmental regulation, adopting a model of integration encompassing a reduction of natural resources stock, which is a strategic feature for sustainable development policies. This chapter results from descriptive research, based on secondary data and official documents available from the involved institutions. They analyze the Brazilian government’s neo-developmentalism goals to understand how the environmental agenda in Pan Amazon was affected.

Keywords: regional integration, neo-developmentalism, Amazon, environmental agenda

1. Introduction

The foreign policy of the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA) is one of the key instruments for repositioning South American countries in an environment of global change [1, 2]. In this context, IIRSA emerged as an initiative of the Inter-American Development Bank (IDB) in August 2000, in partnership with the Andean Development Corporation (CAF) and the River Plate Basin Financial Development Fund (Fonplata), based on a proposal of the then President of Brazil, Fernando Henrique Cardoso (FHC), at the First Summit of South American Presidents (2000).

Originally launched by presidents of neoliberal affiliation (e.g., Andres Pastrana – Colombia; Fernando De la Rua – Argentina; Fernando Cardoso – Brazil); IIRSA was subsequently supported by the governments of progressive orientation (e.g., Ecuador, Bolivia, Peru, Chile). In December 2004, the twelve participant Presidents confirmed their commitment to IIRSA initiatives during the Cuzco meeting, approving the “Consensual Implementation Agenda for 2005-2010” that selected the priority projects to be concluded in 2010.
In that sense, when IIRSA was created, there was a scenario determined by the Washington Consensus that outlined a neoliberal agenda. It recommended (with intense pressure from multilateral lending agencies and developed countries) the privatization of state companies, deregulation of the economy, and unilateral liberalization of the foreign trade in Latin American countries [1, 3, 4]. The declared goals of IIRSA were:

“To promote the development of the regional infrastructure within a framework of increasing competitiveness and sustainability, in order to generate the necessary conditions to achieve a stable, efficient and equitable development pattern in the region; identifying the necessary physical, regulatory and institutional requirements and seeking implementation mechanisms that promote physical integration at the continental level” [5].

IIRSA was conceived to execute the regional integration based on ten “integration hubs” based on territorial planning. Four of them pass through the Amazon Region - comprehending all territories located in the Amazon River basin’s watershed area. From a geopolitical perspective, this definition includes the following Amazonian countries: Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname, and Venezuela. Thus, in Latin America, Brazil acting as a global player [6, 7], together with the Amazon countries, performed the regional dynamics coordination where IIRSA project integration occurred.

This chapter discusses the regional integration in the initial phase implemented by IIRSA in the period between the years 2013 and 2014, as well as the positioning of the integration projects concerning the environmental regulation created by the Amazonian countries highlighting the role played by the sustainability concept regarding the existing environmental regulation. The IIRSA adopted a model of integration encompassing a reduction of natural resources stock, a strategic feature for long term sustainable development policies. The central question that this article wants to answer is: How the implementation of the IIRSA integration projects affected the governance of the sustainability and environmental agenda in the Brazilian Amazon?

The study associates the analysis of the IIRSA Project hubs related to Brazilian Amazon areas and the neodevelopmentalism to understand this economic policy’s impacts in the Brazilian environmental scenario [7, 8–14]. The empiric reference of this study, the IIRSA Project, is considered a material expression of the development strategies executed by the Latin American political elites from 2011 to 2014 when an accelerated implementation of the IIRSA took place.

This chapter is organized into three sections: The first one describes the neodevelopmentalism approach and the recent reflections on the post-neoliberal period in the Brazilian Amazon Region. The second section presents the issues related to environmental regulation and sustainability as an arena of interest in the Amazon region. The last section describes and analyzes Amazon’s IIRSA projects, the place of the environmental agenda, and the Brazilian foreign policy role in this context.

2. Neo-developmentalism and the pan-Amazonian context

The neo-developmentalism supports its interpretation in the governmental strategies assumed by the Latin American governments post-Consensus of Washington, being the broader goals of this strategy summarized by the generic term “macroeconomic” [15, 16]. The tactics are focused on the combination of stability, which includes inflation control, exchange rate and balance of payments, fiscal sustainability, low-interest rates, and reduction of uncertainties related to future demand, which should provide a more stable environment for investment decisions of these governments [12, 13].
The achievement of these goals would require complementary actions of monetary, fiscal, exchange, and wage policies [8–11], aimed at restoring state power to control the currency, facilitate policy implementation, promote competition, and support improvements in income distribution [8, 11, 15]. Also, the adoption of a development strategy that allows domestic firms to seize global economies of scale, and infrastructure and technological updating processes, supported by innovation policy and an activist trade policy targeted at strong intellectual property regimes and investment opportunities for domestic firms. These elements entail a commitment to mobilizing all available labor resources, increasing productivity in each industry, and the steady transfer of finance to high wage and high value-added sectors.

However, neo-developmentalism government strategies insisted on the implementation of neoliberal policies. The politicians conceived the Brazilian economy from 2003 to 2016 as potentially underutilized due to unrealized productivity gains that could be captured through infrastructure development and economic growth. This approach turned areas as Amazon in economies of scale; consequently, opening the region via state support to higher private-sector investment (shifting workers of lower productivity), and expanding the participation in foreign markets as a government goal [7, 17, 18].

2.1 IIRSA: Regional integration and developmentalism tool

The beginning of the XXI century represented a set of global changes, including socialist-oriented governments in many South American countries, which gained influence in the regional political landscape. This was evidenced by the general elections’ electoral results in Venezuela, Chile, Brazil, Argentina, Uruguay, Bolivia, Peru, and Ecuador in the first decade of 2000. Programmatically, the elected candidates in these countries had left-wing programs in which the environmental agenda was associated with other electoral strategies based on developmental actions whose legitimacy was based on popular acclaim. The Latin American leaderships, as elected, combined developmentalism policies not considering environmental problems accrued from development strategies and relegated sustainability to a secondary policy level [19, 20].

The IIRSA implementation plan did not have a strong administrative and operational bureaucratic body at the multi-local levels. Consequently, after the delay of the integration agendas, some organizational changes occurred at the bureaucratic level in each of the involved territories, and administrative instances emerged to correct systemic inefficiencies in the execution of several projects. In response, the Brazilian government - as the IIRSA paymaster in Latin America - created the South American Council for Infrastructure and Planning (COSIPLAN) to coordinate and accelerate the IIRSA and the developmental premises of leftist governments in the Pan-Amazon countries. The implementation of IIRSA was developing by hubs, and this was how developmentalism politicians could associate diplomatic issues with the necessities of implementation.

Four of the ten IIRSA hubs of action were located in the Amazon territory. Among these, the Peru-Brazil-Bolivia hub concentrates much of the internationalization of the Madeira Complex. From the total IIRSA projects for this area, twenty-one are related to ports and waterways works; twelve to roads; three to works in seaports; five to air transportation and border crossings, and the other two deal with electrical interconnection for various hydroelectric power plants built along the Madeira River. The hubs materialize this complexity and demonstrate the magnitude of the integration and the coordination problems arising from this supranational proposal, as seen in Figure 1.
2.2 Integration projects in the Amazon and environmental regulation

The lack of environmental regulation coordination among the Amazonian countries is notorious in dealing with transboundary water resources management issues. In this regard, an integrated analysis of environmental regulations for the Amazon detects absences and impossibilities of consolidated regulatory arrangements for effective cooperation in the region [21]. This fact certainly has had an impact on the possibility of developing infrastructure on a sustainable basis, as in Amazonian areas, the command and control instruments used by environmental regulation norms have systemic efficiency limits.

In addition to the increasing environmental deregulation in the Brazilian political scenario, IIRSA became an effective instrument for government interests in expanding jobs and increasing economic growth rates and market agents seeking to ensure their investment return in electoral campaigns. An example of this deregulation is the Bill N° 1876/1999, which “provides for Areas of Permanent Preservation, Legal Reserve, forest exploitation and other measures” approved in 2013. According to their environmental licensing situation, Table 1 shows the infrastructure projects in the four IIRSA integration hubs located in the Amazon region.

Of the total 191 projects, 54.5% do not comply with environmental licensing norms. Noteworthy are many unlicensed waterway and railroad projects in the Amazon Hub: 18 of 27 projects, i.e., 66.6% of those in the same condition. Another situation worth mentioning is the hydroelectric plants and fiber optic transmission lines, mostly found without environmental licenses.

The data presented in the 2013 and 2014 reports - organized in Table 2 - show the projects’ typology. Systematized data of each type of integration show the infrastructure projects’ situation according to the execution stage and the environmental license condition. The environmental licenses were obtained only for 45.5% of the projects, and several of them are still being executed or are at the pre-execution stage without an environmental license.

The data presented in Tables 1 and 2, and Figure 2, indicate the fragility of the regulatory actions undertaken at the beginning of the implementation of

Figure 1.
<table>
<thead>
<tr>
<th>Projects</th>
<th>Peru-Brazil-Bolivia</th>
<th>Guyanas</th>
<th>Amazon</th>
<th>Andean</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td>Not licensed: 02</td>
<td>Licensed: 04</td>
<td>Not licensed: 04</td>
<td>Licensed: 08</td>
</tr>
<tr>
<td>Waterways and railways</td>
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<td>Not licensed: 00</td>
<td>Licensed: 00</td>
<td>Not licensed: 01</td>
<td>Licensed: 09</td>
</tr>
<tr>
<td>Hydroelectric plants and fiber optic transmission lines</td>
<td>Licensed: 03</td>
<td>Not licensed: 02</td>
<td>Licensed: 00</td>
<td>Not licensed: 02</td>
<td>Licensed: 01</td>
</tr>
<tr>
<td>Airport and logistics centers</td>
<td>Licensed: 03</td>
<td>Not licensed: 00</td>
<td>Licensed: 00</td>
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<td>Licensed: 03</td>
</tr>
<tr>
<td>Total</td>
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<td>10</td>
<td>07</td>
<td>13</td>
<td>32</td>
</tr>
<tr>
<td>%</td>
<td>60.0</td>
<td>40.0</td>
<td>35.0</td>
<td>65.0</td>
<td>39.0</td>
</tr>
</tbody>
</table>

Created by the authors. Source: IIRSA – Data Bank of COSIPLAN Project Portfolio (http://iirsa.org/proyectos/Principal.aspx).

Table 1.
Projects of the IIRSA hubs in the Amazon, according to their environmental licensing (EL) condition - 2013 and 2014.
IIRSA projects. Especially projects related to energy generation (63% without EL), waterways, and railroads (60.6% without EL) – according to Graphic 1 – express the dysfunctional character between IIRSA and the environmental agenda.

<table>
<thead>
<tr>
<th>Projects</th>
<th>Project stage</th>
<th>IIRSA hubs in Amazonian territories</th>
<th>Total</th>
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<tr>
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<td>Guyanas</td>
</tr>
<tr>
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</tr>
<tr>
<td></td>
<td>AP. to begin</td>
<td>1</td>
<td>4</td>
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<td></td>
<td>Execution</td>
<td>—</td>
<td>—</td>
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<tr>
<td></td>
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<td>3</td>
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<tr>
<td></td>
<td>Total</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>With EL</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Waterways and railways</td>
<td>Pre-execution</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>AP. to begin</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Execution</td>
<td>—</td>
<td>—</td>
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<tr>
<td></td>
<td>Total</td>
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<tr>
<td></td>
<td>With EL</td>
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<tr>
<td>Roads and border crossings</td>
<td>Pre-execution</td>
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<td>1</td>
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<td>4</td>
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<td>Total</td>
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<td>9</td>
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<tr>
<td></td>
<td>With EL</td>
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<td>3</td>
</tr>
<tr>
<td>Hydroelectric plants and fiber optic transmission lines</td>
<td>Pre-execution</td>
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<td>—</td>
</tr>
<tr>
<td></td>
<td>AP. to begin</td>
<td>2</td>
<td>1</td>
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<td></td>
<td>Execution</td>
<td>1</td>
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<td>Total</td>
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<td>2</td>
</tr>
<tr>
<td></td>
<td>With EL</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Airport and logistics centers</td>
<td>Pre-execution</td>
<td>—</td>
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</tr>
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<td></td>
<td>AP. to begin</td>
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<tr>
<td></td>
<td>Execution</td>
<td>3</td>
<td>—</td>
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<tr>
<td></td>
<td>Total</td>
<td>3</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>With EL</td>
<td>3</td>
<td>—</td>
</tr>
<tr>
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<td>20</td>
</tr>
<tr>
<td>Total projects with EL</td>
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<td>07</td>
</tr>
<tr>
<td>% Projects with EL</td>
<td></td>
<td>60.0</td>
<td>35.0</td>
</tr>
</tbody>
</table>


Table 2.
IIRSA hubs projects in the Amazon, according to the project stage and environmental licensing (EL) condition - 2013 and 2014.
The graphic shows that between the years 2013 and 2014, none of the activities that characterize the integration of IIRSA respected the environmental dimension and sustainability goals, as advertised by the governments. It is important to notice that in Bolivia and Brazil, many voters believed in the proposed administration's developmental agenda, and these popular governments took compliance with environmental laws to second place.

Specifically, in the Amazon countries, environmental regulatory instruments exist without a coordinating scope of environmental policies and have a low level of institutionalization [21, 22]. Brazil’s actions in the coordination of regional integration projects show this country as a hegemonic power who imposed, at that moment, models of environmental regulation. In the case of IIRSA in the Amazon, these projects would operate throughout the territory where regulatory compliance projects were already underway. For instance, in the Andean Hub runs the Project: Armonización regulatoria: eléctrica, gasífera y petrolera; operating in Bolivia, Perú, Colombia, Ecuador, and Venezuela; and the Amazon Hub, where the largest stocks of natural resources on the planet are located, and the lowest degrees of institutionalization of environmental regulations were imposed (see Figure 3).

The connection of the Amazon region with the execution of projects with preliminary studies of social and environmental impact to subsidize licensing processes and the respective socio-environmental conditions for the projects’ execution puts this territory in a degree of vulnerability never experienced before. The conception of development follows an ideology that relegates the environmental agenda to a secondary place. Companies that used to capture the agenda of construction works for IIRSA hubs during the FHC administration were the same at the time of the Latin American popular governments and influenced the decisions of left and center-left governments elected. These companies changed their performance operating in close connection to state structures, introducing their demands and exercising their influence through a plural strategy in supranational arenas as a movement of political capture. They have more flexibility to act due to the redefinition of Latin America’s role in the global crisis of 2008 and the conversion of Brazil into a global player in the world scenario in that period [6, 23]. The dualism environmental regulation and developmentalism started to be obscured, and sustainability stayed as a corporation’s discourse.

The World Investment Report indicated that after the 2008 crisis, the most significant increase in foreign investment occurred in South America. Investments were in the order of US$ 86 billion, with Brazil accounting for 56% of this amount.
Companies such as Vale, Gerdau, Camargo Correa, Votorantim, Petrobras, and Braskem made acquisitions in the iron ore, steel, food, cement, chemicals, and oil refining sectors, as well as other industries in Latin American countries [24]. From a domestic perspective in Brazil, Brazilian companies have met their demands through the association between the Growth Acceleration Program (PAC), a developmental program, and IIRSA actions. In this sense, hydroelectricity gains momentum, given its centrality as a structuring element of regional integration, simultaneously with the violation of environmental sustainability.

2.3 Foreign policy, South-South cooperation, and IIRSA

Latin American cooperation started with the Amazon Cooperation Treaty (ACT). The ACT started after the meeting of Brazil and Peru heads of state, who committed to elaborating the initial outline for the cooperation. Since its elaboration in 1978, the ACT was enforced under the premise of preservation and the development of the Amazon region, within the context of territoriality - not the environmental sense. In the same period, the priority sectors were defined for establishing cooperation: Territorial occupation, the development of technology, and scientific knowledge [25].

In 2002, the Amazon Cooperation Treaty Organization (ACTO) creation reinforced the integration purposes initiated with the ACT, emphasizing the environmental dimension. In this context, the ACTO Executive Secretariat - based in Brasilia and disconnected with the Amazonian reality - is now another body that has intensified regional inequalities, emphasizing the competitive dimension between signatories of projects funded by multilateral agencies for the Amazon [22].

This observation is relevant as the IIRSA operated within this context. The neo-developmental legacy that remained in some Brazilian sectoral bureaucracies
influenced foreign policy towards the Latin American neighbors [26], making the Brazilian Amazon a region where sectoral policies were defined with a high degree of concentration when considering the federative pact. In the other signatory countries of the ACTO, the distance dynamics grows more and more from the centers where the decision-making processes took place [27, 28].

Within this context, the IIRSA actions and the course of the South-South cooperation in the Amazon were materialized by the left government's administrations until 2016 through ACTO's coordination. This organization's role was redefined, leaving it as a standard of regional sustainability associated with a change of political agenda that included development from a different perspective from the one that originated its creation in the ACT.

The development assumptions in the agenda of IIRSA's priority projects in execution and the lack of related licenses also attest that the Brazilian foreign policy indicates to its Amazonian neighbors the extent to which the environmental arena must be included in the South-South cooperation. Against this trend were the social movements emerging from Latin American political institutions. These movements rely on the defense of the environment and on the Amazon's environmental asset [29], where new information and communication technologies gave voice to the groups affected by the actions of IIRSA. The case of the Movimento Xingu Vivo Para Sempre (Xingu Lives Forever movement) illustrates the activism of social movements in the environmental arena. For instance, the Movimento Xingu Vivo Para Sempre – opposing the Belo Monte Hydroelectric Complex installation – qualifies itself as "for the awareness of the Brazilian society in defense of the Xingu River and against the hydroelectric of Belo Monte." Through its activism, the Xingu Vivo Movement put pressure on the Public Ministry of the Union, and 13 sentences to stop the works were issued. However, the judicial sentence succumbed to the power that companies that funded the candidates of the turn-left in Latin America. Many decisions were taken by different judges over ten years to stop licenses due to demonstrate illegalities. However, they were all suspended by the Federal Regional Court of Brasilia in the years of ruling left-wing Latin American candidates from 2005 [30].

3. Conclusion

The imbalance and the profound differences between Brazilian government developmentalism goals and the actions to promote sustainability in amazon areas can be understood by the place given to the environmental agenda during the IIRSA implementation. The proposal for regional integration resulted in the process of deregulation and systematic deconstruction of policies for sustainability in the areas of influence of IIRSA. In this perspective, the implementation of IIRSA made evident severe institutional weaknesses, such as independent institutions’ existence, as COSIPLAN, enforcing the authorization to implement unsustainable projects. Out of the global environmental regulation, these organizations conducted the rupture of Brazil's environmental legislation - and the IIRSA region in general. The flexibilization and environmental deregulation resulting from the influence of IIRSA contractors and government agents interested in its implementation made the project an example of an environmentally unsustainable regional integration strategy in the Pan Amazon Region.

The dimension of the environmental impacts of the projects carried out are of an intensity never before experienced in the region. The consequences resemble the scenario described by [31] regarding the impact of the Industrial Revolution on the English fields and society. The intensity and frequency of the changes imposed
by the submission of peasant social logics to the market have profound similarities with the impacts promoted by IIRSA in the Amazon region: Traditional communities, responsible for protecting and maintaining forest integrity, were submitted to lose their autonomy and being pushed to urban areas, with the negative social and economic consequences that such kind of migration brings to both, the forest and the cities; displacement and desolation.

The use of regional institutional arrangements biased towards interest groups promoted the environmental agenda’s deconstruction. In this context, regional integration operates as a neo-developmentalist strategy in which the state acts as a coordinator of the market actions and simultaneously works in the regulatory arena by deregulating sectors in which the current and forthcoming projects are not in compliance with the environmental law. Instead of creating synergies between sustainability and regional integration, the Brazilian government began to induce actions at the regional level that bypassed regulatory incompatibilities between pan-amazon countries. The general consequence for the region was the generalization of a shared approach to environmental legislation to facilitate the integration in the supranational perspective, but blind towards the many international commitments made towards the amazon and its global environmental importance. IIRSA lost its fundamental principles and was converted into a framework to carry out environmentally unsustainable projects, with negative consequences for the governability of the amazon countries where it was implemented.

Acknowledgements

We want to express our gratitude to the Erasmus+ program which facilitated the cooperation between the researchers from Brazil and UK, as well as all the institutions who facilitated access to the documentation of the IIRSA development initiative.

Conflict of interest

The authors declare no conflict of interest.

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