Brazil in the world: What should be the priorities?



Celso Amorim

former foreign minister

Solange Monteiro, Rio de Janeiro

Celso Amorim is internationally recognized as the face of President Lula's foreign policy, which he summarized as "proud and active" as he transferred the office to his successor, Antonio Patriota. Earlier, he had defended the commercial focus on developing countries. He also said that one of the Brazil's challenges is to "have a clear concept" on relations with China and the U.S.

***The Brazilian Economy* — What do you consider your greatest achievement in terms of Brazil's international presence? And what do you regret not having accomplished?**

Celso Amorim — The most important achievement is the change in Brazil's perception of itself and the perception that others have of Brazil. There are important internal aspects of that: the economic stability that everyone thought was threatened became consolidated, the economy grew, and income became better distributed. All these things helped make the world more aware of Brazil's importance, and that allowed us to take initiatives we might have shied away from before.

Two milestones in Brazilian foreign policy had trade implications. The most obvious is the WTO meeting in Cancun

in 2003. The European Union and the United States had already agreed on a result that would be totally protectionist until Brazil spoke up and said no. We coordinated a group of countries, the G20, that not only prevented a highly unfavorable agreement but also advanced its own proposals. As the Doha Round has progressed, many things went according to what the G-20 group had proposed. The second milestone came with the financial crisis. Brazil now has a very important role not only because of the performance of the economy, but also because it is able to articulate its concerns clearly.

And the permanent seat on the UN Security Council?

That will not come easily. Because the systems of peace and security touch at the heart of power, they are highly sensitive. These are also very formal situations. To change the Security Council, it is necessary to change the UN Charter. We are moving in that direction.

Another incomplete project was the Doha Round, but we made an extraordinary breakthrough because it will eventually be concluded, and it will be a much better trade agreement than it would have been in Cancun. But anyone who participates in a negotiation would like to see it come to a conclusion.

The most important achievement [of our foreign policy] is the change in Brazil's perception of itself and the perception that others have of Brazil.

In recent years Brazil has almost tripled its exports, but its share in international trade is still just 1%. Where is Brazil failing?

In the figures I have seen, Brazil's share has gone from 0.8% to 1.1%. That does not seem like much, but it is. If you see this in a context in which all are growing, it has greatly increased. But I agree we still have to increase exports dramatically. It is countries that imported Brazilian manufactures that suffered most from recession; today we have a very strong trade deficit with the U.S., where traditionally we had a surplus. Today our largest trade surplus is with China, to which we mainly sell primary commodities.

The big change in international trade in recent times has been the much greater involvement of developing countries. The richer countries are nervous. Raise orange juice exports to the U.S. even a little, and they apply antidumping. We win the case at the WTO, but it takes years. Meanwhile, many developing countries need new things. For example, if, as we are trying to do, you support African agriculture, it is inevitable that you will export agricultural machinery. It happened here in South America with Venezuela and other countries. Developing countries will grow a great deal, and our trade with them has already grown tremendously. In 2010, trade

with India will reached US$9 billion.

Today, however, our exports are concentrated in a few products and the trade balance depends on international commodity prices. Is there a need for a clearer foreign trade policy?
The problem is not foreign trade policy. It is primarily industrial policy, because you have to develop the technology.

Isn't that part of foreign trade policy?
Yes, of course, but you need better technology to add more value. At the Federation of São Paulo Industries today, most businesspeople are connected in one way or another to the agricultural sector. And look what happened to the aircraft industry: Much of the manufacturing is not Brazilian. But the design is Brazilian; the ability to sell is Brazilian. Brazil will not compete with China to produce trinkets for daily consumption; we have to develop other sectors. We have done a lot in the generic drug sector. When we go to Africa, why not take an entrepreneur from the pharmaceutical industry?

There is a criticism about Brazil's move toward China, an important partner, that Brazil lacks a strategy for defending its interests in this relationship. What do you think?
I agree. We should have had a more defined strategy with China because things happened so fast. Suddenly we reached US$40–US$50 billion in trade. These numbers are extraordinarily high, and still surging. We have just been reacting. Our attitude should not be antagonistic, though. For example, for a long time Americans bought land in Brazil and no one worried, but when China came in, there was a sudden panic. We have to analyze this relationship in more depth.

There are two relationships about which Brazil must have a clear concept: China and the United States.

Do you believe the European Union agreement will come about?
I cannot say much about this, but I do think that while these exchange rates imbalances persist, trade becomes very difficult. Germany alone has a trade surplus with Brazil of US$3 billion. I was in favor of a Mercosur-European Union agreement because at the time nobody was talking about the Doha Round. . . . I'm leaving the government and can speak quite frankly. The greatest opportunity I see in a Mercosur-European Union agreement is to encourage the United States to advance the Doha Round.

How many embassies did the Lula administration create? What direct gain can Brazil expect from this investment?
There were about 30. Many were just reopened. For example, the Cardoso administration had closed the Tunisia embassy. In Africa, another closed embassy was the Democratic Republic

of Congo, which is the largest country in sub-Saharan Africa, poor economically but rich in minerals, and Vale is there. We had never had an embassy in São Tomé and Prìncipe, which is a Portuguese speaking country. In the Caribbean area, we opened embassies in all countries, including Venezuela and Cuba. If we're not present, we cannot hope that our ideas will prevail. A small embassy should cost about US$800,000 a year. Any business deal you do is worth much more.

What relationship should Brazil have with the U.S.?

President Obama himself has said that no one can depend on U.S. economic growth. We took that seriously. Still, the U.S. market is very important, and there are new niches to explore. There are two relationships about which Brazil must have a clear concept: China and the United States.

Has Brazil been slow in its efforts to consolidate Mercosur? Should that be a priority?

Yes, it has been slow. We could have done much more earlier. But we found Mercosur in tatters. First, economic policy decisions were made without communication, and countries like Uruguay, Paraguay, and Argentina suddenly realized that if there was a devaluation in Brazil it would greatly affect their exports. We spent a long time dealing with complaints that had accumulated from our neighbors, especially the most vulnerable, about past unilateral measures that Brazil had taken. Second, we were heading for a breakup because, for example in the FTAA negotiations, each country had a separate position. At first we had to make some concessions to address some emergencies. For example, smaller countries always defended exceptions to the common external tariff (CET) so they could import cheaper raw material and machines. We were able to agree on a timetable for the elimination of exceptions to the CET. It was also a breakthrough when it became possible to construct a power transmission line from Uruguay to Rio Grande do Sul State in Brazil, and one that is absolutely critical between Itaipu and Asuncion. People forget that Paraguay is the largest producer of electricity per capita in the world but its capital suffers from blackouts and industry lags because the energy supply is not constant. It takes time, but we're on track.

We found the Mercosur in tatters . . . we had to make some concessions to address some emergencies.

In your time as minister, was there a rupture with the previous administration?

The word rupture is perhaps too strong. The fundamentals have not changed: Brazil still

Foto: Crédito das fotos

advocates self-determination for nations, nonintervention, state sovereignty, peaceful settlement of disputes; indeed, Latin American integration itself is in our Constitution. We just focused more on South America. So it was not a rupture but a qualitative leap forward.

Take the policy toward Africa: Brazil has always been for Africa, but before it was in theory; today Brazil has embassies in over 35 African countries. If you look at trade with Africa, the Arab countries, China, India, and Latin America and the Caribbean, there has been an extraordinary leap. But when you do many things, some things are always overlooked. Now we have to think hard about our policy with China and the U.S. That does not mean being subservient, and it does not mean being always opposed. We may have to refine more, think more.

Africa was abandoned and is now our fourth largest trading partner if it were a country rather than a group of countries, it would only be behind China, Argentina, and the USA. But there is no airline there. Why? Because our companies are not bold.

During your administration Brazil was involved in sensitive issues related to human rights, as in the case of Iran. How would you assess this theme?

Nothing is better for human rights than peace. To preserve peace implies having some agreement on the nuclear issue, and we came very close to one. We have a vision of human rights that may not be the same as the majority of the Brazilian press but that is highly respected in the UN. Our ambassador in Geneva has just been invited to chair the group that oversees human rights because we have the capacity to understand different situations and solutions. You cannot have a single prescription for all.

In many countries that are allies of the Americans, there are practices that you and I would consider human rights abuses. No one talks about them. They talk about Iran, because it has a conflict with the U.S. This is pure hypocrisy. So we argue for a global examination of human rights. I regret to say it, but the Brazilian press buys the ready-made agenda from abroad. I'm not saying Iran is good, but there are other places that are not good either.

We have a vision of human rights that may not be the same as the majority of the Brazilian press but that is highly respected in the UN.