Brazil and the United States: A convergent dialogue



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Before being appointed ambassador to the United States, Mauro Vieira had been Brazilian ambassador to Argentina since 2004. In the Ministry of Foreign Affairs Vieira has also served as Chief of Cabinet of the Secretary-General and Chief of Cabinet of the Minister. Vieira believes the US and other countries are now seeing Brazil as a privileged interlocutor for dealing with major global issues. The US is also more willing to dialogue with other countries on major international issues. Vieira notes that, despite some differences, the US and Brazil have convergent values because both are large multiracial democracies with large economies committed to the free market but tempered by the notion of social justice.

***The Brazilian Economy* — There seems to be authentic American interest in listening to Brazil's views. What has brought about this renewed dialogue?**

Ambassador Mauro Vieira — The US and Brazil have historically had a close and productive dialogue, especially about the regional agenda. The novelty in recent years is that the US, as well as other countries, has increasingly begun to see in Brazil a privileged interlocutor for dealing with major global issues. This is due, of course, to the image our country enjoys since it has stabilized the economy, resumed growth, and begun to address old social debts, all supported by full democracy. These processes together give consistency to national development and allow Brazil to assume international responsibilities commensurate with its capabilities.

The US is also more willing to dialogue with others, among them the emerging powers, about major items on the international agenda. This process began, though modestly, in the second term of President George W. Bush, perhaps as a way to repair the damage to the US image caused by the unilateral excesses of his first term. It has

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intensified in the Obama Administration, which has as a fundamental foreign policy assumption the fact that the US — exhausted by two wars and a deep financial crisis that undermined public finances — can no longer afford omnipotence. As a result, the US should allow adjustments to the international order so that new players like Brazil can assume greater responsibilities and thereby contribute to the full extent of their capabilities to solving today's challenges.

This greater American willingness does not imply a simple process, free of obstacles. Sometimes Brazil and US perceptions will converge and the dialogue will be easier, as on climate change. In other cases, we will have different perceptions, diagnoses, and solutions, as with Iran. What is true in each case, however, is that, to quote US Ambassador to Brazil Thomas Shannon, "The US needs to get used to the idea that, from now on, it will come across Brazil in places where it previously would not expect to find Brazil."

Thanks to its large and vibrant economy, market-oriented policies, and stable democracy, Brazil is seen as a respected interlocutor, skilled negotiator, and independent mediator, able to find shortcuts to collaborative solutions among countries of diverse political persuasion and social background. Some believe that it would be very beneficial for Brazil to be a permanent member of the UN Security Council, with or without a veto. What role could Brazil play internationally?

After almost a century and a half of peaceful coexistence with a dozen neighbors, Brazil has much to contribute in the international sphere. As a result of this experience, Brazil would bring a unique perspective to the Security Council, whether as an elected or, we hope, a permanent member. We believe that the defense of international law and the primacy of diplomacy and dialogue are the best way to resolve tensions.

Given the diversity of Brazilian interests, too, there is no multilateral forum where we should be missing. We have the ability to interact with South and North with the same ease, to build bridges and build consensus, to find new ways, all of which place us in a privileged position. Today, Brazil is vital to resolving knotty problems. There will be no successful conclusion of the Doha Round of the WTO without the G-20, where Brazil is among the leaders. We will have no progress in talks on climate change without the large emerging countries like Brazil. The multipolar world that so many talk about is being created, and we are an active part of the process.

Brazil and the United States have, perhaps for the first time, positions on Latin America that if not identical are at least converging. What are the areas of common interest?

Even when both countries have different perceptions, there are frequent discussions so that the positions of one do not take the other by surprise. What is important is that, beyond their differences, the US and Brazil have converging values because both are large multiracial democracies with large economies committed to the free market but tempered today by the notion of social justice.

This convergence opens immense ground for bilateral cooperation, and increasingly

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for trilateral cooperation — both countries cooperating on development projects for a third country with fewer resources. This is an increasingly important aspect of our relationship, particularly in Latin America and Africa. For example, we are cooperating to develop the biofuels industry; we began with the Dominican Republic, El Salvador, Haiti, and St. Kitts and Nevis, and later expanded to Guatemala, Jamaica, Guinea Bissau, and Senegal.

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Today it is also well understood that Brazil and the US must closely coordinate their efforts to help Haiti recover. Some efforts Brazil will manage alone, such as construction of the Artibonite hydroelectric power plant, but Brazil and US can also work together to benefit the Haitian people, notably in promoting productive investments in the country by both granting tax benefits to their domestic companies to operate there.

According to Walter Russell Mead, Brazil could serve as a center of development and political stability in Latin America. How would you rate Brazil's performance in the building of regional institutions?

For Brazil, promoting Latin American integration is a mandate enshrined in Article 4 of the Constitution, which deals with the principles that guide our foreign relations. Integration is therefore a Brazilian government policy that began with Mercosur and has accelerated enormously in the present administration. The inclusion of Venezuela, given the potential of its economy, the importance of its oil and gas, and its projection into the Caribbean, guarantees Mercosur an entirely different strategic dimension.

But our efforts go well beyond Mercosur. We have made great strides in South American integration both economically — with important infrastructure works and especially with the increasing presence of Brazilian companies in neighboring countries — and institutionally. Today the UNASUR is an established venue that has forged a genuine culture of dialogue, allowing us to overcome serious regional challenges, such as the incident between Colombia and Ecuador. We have also launched a productive dialogue on defense with the South American Defense Council and on supranational challenges, such as drug trafficking, that can only be addressed properly by all countries at once

Also, in December 2008 all the heads of states in Latin America and the Caribbean met for the first time. The process created its own dynamic, which is great for the region. Because no one is excluded, it lays the groundwork for more harmonious dialogue between similar countries focused entirely on their common challenges. It does not attempt to supplant other initiatives of wider scope, such as the OAS.

The internationalization of Brazilian interests has caused Brazil to become concerned about stability and order in Latin America; in the past these were exclusive concerns of the US. What major threats face Latin America?

The historical challenge in Latin America, the source of almost all the other ills facing the region, is social inequality. The tensions caused by the disparity between rich and poor partly explain other phenomena, such as political unrest or crime.

Fortunately, the last few years have been marked by almost universal advances in combating inequality. That is the result of deepening democracy, as previously excluded masses begin to take an active part in the political process, demanding that the benefits of economic growth be distributed more equitably. This process naturally causes tensions, but to the extent that democratic institutions are preserved and political players learn to compromise, the societies that emerge should be far less unequal and therefore much more stable and better able to cope with other challenges.

While trade in illegal drugs is a political embarrassment and a social crisis in US, it is politically destabilizing and an existential threat to governments in Latin America, where institutions are fragile. How have Brazil and the US been cooperating to deal with this problem?

In the US in recent years there has been extensive debate on the policies for fighting drug trafficking. Slowly, old assumptions are being questioned and the country seems more willing to acknowledge that as a major consumer of drugs, its action or inaction at home has significant impact on other countries.

The US has expressed a desire to deepen coordination with Brazil to fight drug trafficking and other illicit cross-border activities, particularly in the area of information exchange. This dialog is increasingly fluid — for example, between Brazil's federal police and US agencies like the FBI and DEA. Brazil is also seeking to create new channels of communication, such as a central database on combating drug trafficking that would also be used by other South American countries.

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Clearly bilateral cooperation is fruitful, but it should not overshadow the political fact that fighting drug trafficking in South America must rely increasingly on the engagement of UNASUR member countries. The Brazilian government has often conveyed this view to the US, and the US has indicated agreement that South American countries should assume more responsibilities in policy discussions and take steps to combat trafficking.

The Free Trade Agreement of the Americas (FTAA) came to a standstill in November 2005 at the Mar del Plata summit. Meanwhile, the US has offered trade agreements that, while excluding Mercosur, are linking a large number of economies in the hemisphere, such as Chile, to the American model of free trade. What are the prospects for trade integration in Latin America?

The FTAA project went no further because the US removed from the negotiations most of the products (ethanol, sugar, orange juice, and steel, among others) and themes (cutting

farm subsidies, rules of trade, defense investigations, among others) that were of interest to Brazil. In the case of cutting subsidies and rules, the US made the process multilateral, transferring it to the WTO. The US also signaled its intention to list products in which Brazil was more competitive as sensitive and therefore outside the scope of tariff elimination. At the same time, the US sought to introduce into the agreement subjects of its own interest, such as intellectual property, investment, and services. Thus, the package that could emerge from the negotiating process would not meet the commercial interests of Brazil.

Regardless of the fate of the FTAA, trade relations between the two countries have been expanding. Vibrant trade between corporations and investment flows has deepened. In several segments Brazilian producers have become multinational, challenging the purely mercantilist logic that exports are positive and imports are negative. For example, a significant portion of US production of steel products, meat, orange juice, and textiles became controlled by companies capitalized by Brazilians. Similarly, in Brazil there is significant US participation in such industries as chemical, automotive, capital goods, and electronics.

Even without the FTAA and conclusion of the Doha Round — which would bring more balance to multilateral trade, with for example more precisely limited US farm subsidies — economic and trade relations between Brazil and US continue to deepen.

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In this connection, what about current U.S. tariffs on Brazilian ethanol imports. How could Brazil and US increase their cooperation on biofuels?

The primary US rate on ethanol is 2.5% ad valorem; a secondary tariff worth 54 cents a gallon expires on January 1, 2011. The most likely scenarios are three: expiration of the tariff as scheduled; its renewal at the current value; or its renewal at 45 cents a gallon, on a par with the subsidy for blending ethanol with gasoline.

The US and Brazilian governments are making efforts to establish an international market for ethanol, encourage research, and promote biofuel production in other countries. The partnership of the two countries that are major producers and consumers of biofuels creates exceptional opportunities for joint action to promote sustainable use of energy, generate economic opportunities, and have positive social and environmental impacts. In 2007 Brazil and the US signed a Memorandum of Understanding to Advance Cooperation on Biofuels that has three components: bringing together research institutions and development of biofuels in both countries, such as the scientific cooperation agreement between the Petrobras Research Center and the US National Renewable Energies Laboratory; global cooperation to formulate international standards for ethanol and biodiesel specification; and finally cooperation in third countries, through which Brazil and the US work together closely to identify immediate opportunities for sustainable bioenergy, such as the current projects in El Salvador, Haiti, the Dominican Republic, and Senegal, among others.

Despite improved dialogue, there are areas of disagreement. Even though they both favor nuclear nonproliferation, they cannot agree on limits to Iran's nuclear program. Brazil maintains that the nonproliferation treaty allows use of nuclear technology for peaceful purposes; the US claims that Iran has already shown its intent to develop nuclear technology for military use. Similarly, though both Brazil and the US strongly favor democracy, in the American view, Venezuela is far from being a democracy, yet President Lula believes Venezuela has an "excess of democracy." How could Brazil and the US cooperate to resolve such international issues peacefully?

Though we have divergent views on how best to address the Iranian nuclear issue, we have never stopped discussing it. Brazil's position is based on three principles: defend the universal right to development and use of nuclear energy, in strict compliance with the obligations recognized in this area; reject any form of weapons proliferation; and give priority to dialogue and negotiation to achieve a peaceful and lasting solution to the Iranian issue.

It is on this last point that the difference in views is clearest. The US believes that the Iranians will only engage in frank and substantive talks if it is forced to, by strict penalties. Brazil said in the UN Security Council that additional sanctions will have precisely the opposite effect: the Iranians will pull away from the negotiating table. We believed that the Declaration of Tehran changed the situation substantially; it was clearly an Iranian gesture to build trust and restore conditions for negotiations.

We therefore opposed additional sanctions on Iran; and we regretted that this was the outcome. However, Brazil's policy is to scrupulously comply with UN Security Council resolutions, and obviously it has done so in this case. We believe that our negative vote makes it possible for us to maintain dialogue with both sides, and continue working toward a constructive solution.

With regard to democracy, both Brazil and the US agree that fully functioning democratic institutions are a key condition for a country to be part of the inter-American community. The inter-American system has procedures to deter attacks on the democratic order — with the requisite dose of respect for general nonintervention in domestic affairs. These were tested recently in the case of Honduras. We consider very positive the prompt unanimity with which our countries, including the US, rejected the coup, suspending Honduras from the OAS until democracy was fully restored. However, regrettably, we diverged about how to proceed with the elections. An opportunity was lost to demonstrate that elections cannot be used to sweep under the carpet the removal from office of an elected president, especially where free speech was restricted and human rights violated.

Recently, we conveyed to the US government the fears of several South American countries that the Honduras precedent might inspire antidemocratic circles in South American countries. I think we were able to make the US government realize the importance of the issue, and we pledged to continue talking about it.

Summing up: despite differences, we all learned important lessons from this episode that we can use in discussing ways to better use the mechanisms available.