



BRAZIL IN THE WTO: BALANCE AND PERSPECTIVES

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The nineties of the last century were a period of huge challenges for Brazil. The frustration of Brazilian citizens with their experience of instability and stagnation during the eighties led to the implementation of major structural reforms, which bore hope of a renewal of economic growth. The strategy of promoting industrial development through high levels of protection for the domestic market, dominant since the fifties, was left behind, as were exchange-rate and fiscal incentives for exports, measures which had been used to address the crisis during the eighties. Brazil offered a more favorable treatment of foreign capital entering the country and adopted a relatively open commercial regime. The country's participation in the WTO perfectly represented the new vision dominant in Brasilia for Brazil's insertion in the world of international commerce.

Shortly after the end of the nineties a new federal administration took charge, as Luis Inacio Lula da Silva became president. The time is now ripe to draw a balance of currently predominant visions of the Brazilian experience with more open markets and, in particular, with the WTO. The present article will take into account public opinion as well as the assumptions of experts on commercial issues and international affairs, without losing sight of the positions of members of the new administration.

The expectations of public opinion

Brazilian public opinion has paid a lot of attention to events in which Brazil was an interested party in commercial conflicts with other countries. Among those which were more intensively focused on by the media, and hence were more exposed to public curiosity, one might mention the litigation with Canada on the subject of subsidies in both countries for the export of airplanes for regional passenger transportation. There are some other examples, like the imposition by the US of sanctions against Brazilian exporters (as well as exporters from other countries) of steel products. Or the conflict with multinational pharmaceutical corporations which produce medicines distributed free of charge by the Brazilian government to HIV-infected persons, as well as the deadlock in the negotiations on barriers to and subsidies for agricultural products imposed by developed countries.

The Brazilian experience in these cases has been variegated and helpful in building knowledge concerning the opportunities and limitations implied by the rules of the WTO for developing countries. In the case of exports of civil aircraft, the Brazilian public could follow closely the process through which the system used to finance these exports was forced to undergo several modifications before reaching conformity with

the WTO. The Organization also questioned the incentives used by Canada, in part accepting Brazil's line of argumentation. Also in the case of medicines for the government anti-AIDS program, public opinion followed closely, and with great interest and sympathy, the position of the Brazilian government, which was supported by the governments of other countries as well as by numerous NGOs. This position departed from the idea that the war against a disease like AIDS has created a situation in which public interest must have priority over the commercial producer interests. The agreement that finally was reached on this question was interpreted by the media and public opinion as a victory in the fight to defend the interests of developing countries.

These two last cases have resulted in a positive evaluation by public opinion of the role of multilateral negotiations and of the WTO itself in promoting international commerce. But the sanctions imposed by the US on steel exporters and the sluggishness of the negotiations aimed at liberalizing trade in agricultural products provoked contrary reactions. For Brazilian public opinion, these two cases were frustrating experiences, as they evidenced an asymmetry of power in favor of developed countries when it comes to the definition of the rules of the game in world commerce - to say nothing of the efforts aimed at building, within the WTO, a more balanced institutional architecture.

At the end of the nineties, Brazilian public opinion showed a certain measure of disenchantment with globalization in general as well as with the impacts of pro-market structural reforms on the growth of Brazil's economy. This state of mind can be attributed to the direct experience, during the second half of the nineties, of potential destabilization generated by other countries' crisis on Brazil's economy, as well as of the instability of the flows of funds for external financing. Such frustration does not mean that public opinion is now in favor of revoking the reforms. Public opinion seems simply to want to see implemented some kind of additional mechanisms geared to promoting development and reducing inequality. The will that globalization should contribute more intensely to sustainable development and more equity was clearly manifested by the participants of the World Social Forum, which met twice in Porto Alegre.

More specifically, in the case of commercial regimes and of the WTO's action, the resistance to the liberalization of commerce in some developed countries that represent important markets for Brazil has strengthened the perception that concessions made unilaterally by Brazil have simply not been met with an adequate response. More generally, Brazilian public opinion has become sensitive to the argument that Brazil should make further concessions, for example within GATS, only if some kind of compensation can be guaranteed.

Concerns of the experts

Experts obviously see aspects whose importance public opinion can only guess at intuitively. However, there are some common points which are bound up with the fact that experts and the media mould public opinion on these issues. There is a certain measure of consensus among Brazilian experts on the fact that Brazil faces a very difficult challenge in negotiating simultaneously on several international fronts: at the WTO, the FTAA, on an agreement between MERCOSUR and the EU, and within MERCOSUR itself. These difficulties have arisen from the superposition of various agendas for parallel negotiations, which increases the uncertainty as to the results of one negotiation with a view to what might be agreed upon afterwards as a result of other negotiations.

For Brazil it is critical that negotiations on multilateral rules within the WTO should be coherent with the commitments set out in preferential commercial agreements like the FTAA or the agreement between MERCOSUR and the EU. More concretely, the results of negotiations on agricultural products are of the utmost relevance for the implications of concessions on industrial products that MERCOSUR might agree upon during regional negotiations.

Many experts point to one other very critical point here, viz. that no additional restrictions should be made, other than those already existing within the WTO, which affect the capacity of developing countries to implement measures aimed at the promotion of economic growth. In this sense, experts are proposing a reassessment of TRIMS, or demanding, at least, that TRIMS not be widened and calling for a sensible

evaluation of the substance of a future agreement on investments within the WTO framework.

The new government

The new administration has maintained a position in favor of a further opening of international commerce within the several scenarios in which Brazil is engaged in negotiations, including the WTO. Up to the present moment, the changes that have occurred can be described as points of emphasis, not as changes in direction.

The new administration has reinforced the negotiating teams by creating a new agency responsible for FTAA negotiations and the agreement between MERCOSUR and the EU. This agency is independent of the agency in charge of multilateral negotiations within the WTO. It is anticipated that the greater level of specialization of these teams will permit a more efficient follow-up of each of these processes. It can be said that, in a certain way, the team reorganization is an answer to the concerns expressed by experts regarding the capacity to conduct several complex negotiations simultaneously. On the other hand, it can be argued that this separation of teams could be a reflex of some measure of fear that multilateral negotiations might proceed at a pace much slower than expected. Under such conditions, the teams that negotiate preferential agreements should be granted a broader degree of autonomy.

With regard specifically to the WTO, the new administration appears to agree with the aforementioned concerns of the experts. It is claimed here that in order to make feasible a new round aimed at opening its economy, Brazil must wait for adequate concessions by the other countries involved. This position was evident when offers were recently made by Brazil on an opening of its service sector to international interests. The timidity of this proposal appears to reflect a certain frustration regarding the sluggish progress made during the negotiations on agricultural products.

Conclusions

In summary, it may be said that Brazil's participation in the WTO is rich in experience and in contrast. Brazil has shown itself to be actively in favor of creating a worldwide commercial regime.

Public opinion as well as the experts and the administration (new and old) show a strong continuity in their view that such a regime would be beneficial for everybody involved, developing countries included. But public opinion, experts, and the administration share some concerns about the dangers that a stronger integration in the world economy might represent for developing countries, if no reciprocity is forthcoming from the developed countries. Such concerns would be justified if there were not a series of safeguards concerning the particular needs of those countries that still have a long way to go to improve the living standards of their populations and in diminishing the inequalities within their societies. Brazil's recent experience has shown that the defense of such interests could find a favorable space within multilateral negotiations, as the case of medicines for fighting HIV has clearly demonstrated. The case of aircraft exports has also demonstrated that in this field it is possible to effectively defend Brazilian interests against the restrictive commercial practices of more developed countries. Such experience will nourish Brazil's decision to continue participating in the WTO with a view to overcoming, in its sphere of action, the obstacles that still exist to the creation of a freer worldwide commercial regime which could be more favorable to economic development.

However it is necessary to make here an observation containing a certain degree of concern: Up to now Brazilian participation in the negotiations of the WTO has been followed with interest by public opinion as expressed in the media. But there is no reason to anticipate any highly effective interventions on the part of organized civil-society groups (e. g. labor unions). The activism of these groups on behalf of the creation of the FTAA has not been accompanied by any similar interest in the negotiations at the WTO. It may be that due to the complexity of the negotiation processes at the WTO, organized civil-society groups have a more clear vision of the implications of the FTAA on their more immediate interests. It may also be that the degree of organization of these groups is insufficient to enable them to follow all of the negotiation processes currently in progress. Be this as it may, greater mobilization of civil society would allow the above-mentioned concerns in public opinion,

among experts, and within the new administration to be translated into more effective Brazilian action as regards the WTO.

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