



**Dialogue** on  
**Globalization**

**BRIEFING PAPER**  
**FES SAO PAULO**

**New Powers for Global Change?**

## **Brazil as a Regional Player and an Emerging Global Power**

**Foreign Policy Strategies and the Impact on the  
New International Order**

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## 1 Introduction

The aim of the following essay is to show the main lines of Brazilian foreign policy in the current presidency of Luís Inácio Lula da Silva. It will present the latter's chief initiatives on the international level, combined with a discussion of the players that may determine Brazil's potential as a player on the regional and global levels, and it will also look into its limitations in the circumstances currently given. Brazil is a player of a certain relevance on both levels, obviously possessing major powers of „intervention“ in the South American geographical scenario. But Brazil also exercises leadership on some topics on the multi-lateral agenda, and lately it has been seen as an important player in the future evolution of the world economy, as one of the so-called BRICs, together with Russia, India and China.<sup>1</sup>

## 2 Brazil and the world order: changes and continuities in foreign policy

In the same way as new global political economic configurations have emerged since the end of the Cold War, Brazil has also been experiencing marked changes in its regional role and its role as a global player. These changes in Brazil's relative position within the region and the world have been based equally on the imposition of objective facts of the regional and global foreign reality.

The structural and systemic changes that have marked Brazil since the beginning of the 1990s require examination, in the first place from a middle-term standpoint. The best place to start is the opening and macroeconomic stabilization started during the Fernando Collor years (1990-1992), with the subsequent focus on the Plano Real. The Plano Real was a success and was consolidated during the following presidential terms, despite the financial crises that were affecting Brazil on various fronts.<sup>2</sup> This was a complex process of regulatory and institutional changes that exerted a significant impact on domestic Brazilian macroeconomic reality. But the period also showed relevant elements of foreign policy, most of all in what is referred to as regional integration, with Mercosur and the negotiations

surrounding the United States proposal to create a “Free Trade Area in the Americas.”

This stabilization also allowed for a new international projection of Brazil, thanks to the good access achieved by Fernando Henrique Cardoso vis-à-vis the most varied world leaders (especially G-7 leaders). Regardless of the greater or lesser weight which Brazil took on in the new power schemes and the regional and global influence that came about as of the 1990s, it is worth noting that its own economic mass, its diplomatic projection, its ability to regularly attract direct foreign and factor investment, had already given Brazil a certain weight in the region and in the world, at least as a major mineral and agricultural commodities supplier.

Secondly, the political and economic changes which have taken place in Brazil since the 1990s also need to be considered in the context created with the election of Lula. Not only did he in fact preserve the accords with the IMF but there was also great continuity in the economic arena, with the essential nucleus of the Plano Real being maintained: fiscal responsibility, inflation targets, and a floating exchange rate. In compensation, significant changes in foreign policy have taken place.

Brazilian political leaders have always been aware of Brazil's naturally outstanding position in the region immediately surrounding the country, but they have also aspired, at certain stages, to put Brazil in a position of greater importance on the international level. Along these lines, at the end of the Second World War, Brazil hoped to assume one of the permanent seats on the new UN Security Council, a goal frustrated just as much by the opposition of some of the heavyweight players as by Brazil's lack of military or financial capacity. This aspiration to a position of prominence in the so-called *inner circle* of the world's political oligarchy has been recurrent among Brazil's military and political leaders. During the phase of great economic growth (1969-1979) seen during the military regime (1964-1985), the leaders were hoping to consolidate Brazil's position as a new economic, and eventually also nuclear, power in order for the country to join the group at the head of global politics and the global economy. This desire was frustrated time and again by the recurrent economic crises the country faced in the last third of the 20<sup>th</sup> Century (petroleum crises in 1973 and 1979, external debt in 1982, out-of-control inflation in the following years, culminating in the financial crises of the 1990s). All this showed Brazil in the light of a candidate lacking the real conditions necessary to exercise any kind of leadership; and

<sup>1</sup> See Dominic Wilson and Roopa Purushothaman, *Dreaming with BRICs: The Path to 2050*, New York: Goldman Sachs, October, 2003; available at the following link: <http://www2.goldmansachs.com/insight/research/reports/99.pdf>.

<sup>2</sup> For a global view of the reform era in Brazil, see Fabio Giambiagi, José Guilherme Reis and André Urani (orgs.), *Reformas no Brasil: Balanço e Agenda*. Rio de Janeiro: Nova Fronteira, 2004.

it confirmed Brazil's role as the eternal „country of the future“.<sup>3</sup>

Despite the relative setbacks noted, the re-democratization president, José Sarney (1985-1990), tried to get Brazil a permanent seat on the Security Council when the topic of reform of the UN Charter was once again placed on the agenda. On that occasion (1989), Brazil, mindful of the difficulties this would cause in the continental arena (specially with Argentina), did not present itself as a possible regional candidate. Even more notable, however, was the fact that President Sarney had also taken the initiative to decisively engage Brazil in the process of regional integration. This process began with sectoral deals and bilateral protocols with Argentina, culminating in the quadrilateral formation of the Southern Common Market, Mercosur in 1991.

President Fernando Collor de Mello (1990-1992) took decisive steps towards redirecting Brazil's foreign policy towards non-nuclear proliferation in the region, abandoning military nuclear program, excessive commercial protectionism and the old, slightly „third-worldist“ posture adopted by professional diplomats, bringing Brazil a little closer to the economic philosophy of the OECD countries. President Collor is reported to have said he preferred to see Brazil as the „last of the developed countries,“ than as „the first of the underdeveloped countries.“

During the next period (President Itamar Franco, 1992-1994), Brazilian diplomacy also began to adopt a small but important conceptual change in an effort to abandon the old adhesion to the „Latin America“ geographical dimension in exchange for new and added emphasis on the South America concept. This was confirmed by repeated attempts to enter into association or commercial liberalization agreements with Mercosur and all of its other South American neighbors, and Brazil reacted to the US American-backed FTAA by proposing a Free Trade Area of South America.

Fernando Henrique Cardoso's (FHC) two consecutive terms are relevant in view of the notable process of economic reforms, including important constitutional amendments that opened up the Brazilian economy to globalization. Cardoso's term also saw a larger Brazilian presence on the international scene. The president also confirmed Brazil's total de-nuclearization by adhering to the NPT, which was for three decades

considered to be iniquitous and discriminatory by Brazilian diplomats and military officials. Supported almost exclusively by professional diplomats, FHC objectively took on the difficult issues raised by the remaining asymmetries of Mercosur, among them the problems created by unbalanced foreign finance and the Hemisphere negotiations surrounding the FTAA. FHC never got to attend any of the G-7 meetings - at this stage involving post-Soviet Russia - though he did maintain very close contact with various leaders of the group. Nor did FHC insist on a Brazilian candidacy for a permanent seat on the UNSC, mindful of the objections in principal which would be brought up by neighboring Argentina, whose relations with Brazil - in connection with Mercosur - he had always considered to be so strategic in nature that they could not be endangered.<sup>4</sup>

The most significant changes in Brazil's foreign policy came about, obviously, during President Lula's first term (2003-2006), with new emphases and preferential alliances, and a marked change in discourse and in the handling - perhaps more than in the substance - of diplomacy.<sup>5</sup> Although a large part of the diplomatic agenda has shown more elements of continuity than of rupture with prior policies, some innovative elements should be highlighted. Besides a strong emphasis on the political multilateralism traditional to Brazilian diplomacy (but now with an evident „anti-hegemonist“ leaning, i.e. against US unilateralism), the focus fell sharply on South-South diplomacy in the great effort to see Mercosur reinforced and broadened as the basis of political integration and consolidation of a unified economic space in South America. Joined together, the intense lobbying for a permanent

<sup>3</sup> The designation given to it by Austrian writer Stefan Zweig in 1941.

<sup>4</sup> On FHC's presidential diplomacy and the main international relations issues of his term, see Paulo Roberto de Almeida, „A relação do Brasil com os EUA: de FHC-Clinton a Lula-Bush“, in Giambiagi, Reis and Urani (orgs.), *Reformas no Brasil: Balanço e Agenda*, op. cit., p. 203-228.

<sup>5</sup> The study detailing all of the relevant events of President Lula's diplomacy in his first term can be found in the following official publication: Ministério das Relações Exteriores, Secretaria de Planejamento Diplomático, *Cronologia da Política Externa do Governo Lula (2003-2006)*, Brasília: Fundação Alexandre de Gusmão, 2007. A compilation of his chief diplomatic pronouncements is in the volume: Ministério das Relações Exteriores, *Política Externa Brasileira, volume I: discursos, artigos e entrevistas do Presidente Luiz Inácio Lula da Silva (2003-2006)*, Brasília: Ministério das Relações Exteriores, Secretaria de Planejamento Diplomático, 2007.

seat on the UNSC and the election of some privileged partners as „strategic allies“ – namely South Africa, India, and China, with the eventual inclusion of Russia on some topics – the return to the „Third World“ and a reaffirmation of Brazil’s integrationist vocation in South America clearly make up the main axes of Lula diplomacy.<sup>6</sup>

Although the rhetoric about Brazilian leadership on the continent abated substantially during his first term, this intention was affirmed in a way, even if it was indirect, at the start. President Lula even talked about a „diplomacy of generosity“ based on the size and industrial might of Brazil, recommending that domestic importers buy more from neighboring countries, even at relatively disadvantageous prices, as a way of balancing the flux of commerce and contributing to common prosperity in the region. However, promises made to neighboring countries for direct financing by the National Bank of Social and Economic Development (BNDES) largely failed to materialize. With an expanded Mercosur and the setting up of a coordinated policy as the background for diverse initiatives undertaken in the region, diplomatic activism in South America may, paradoxically, have resulted in adverse reactions to an expansion of Brazil’s influence. Even in Mercosur, worries about Brazil’s „excessive weight“ may have influenced the decision of the smaller countries to support the „political entry“ of Venezuela into the integrationist scheme of the Southern Cone.

In a broader sense, Brazil had to propose, to regional partners and other developing countries outside the region, a Southern coalition to „change the relations of power in the world“ (or the „axis of world politics“) as well as to make the creation of a „new trade geography“ viable, one based much more on South-South exchange than on the supposed „dependence“ on „unequal“ trade with the North. What, in fact, the countries courted by Brazil realized was that, on one hand there was the priority given to a per-

manent seat on the UNSC, and on the other, the desire to imprint the mark of Brazilian economic interests on South America, that is to say, two national objectives presented as being the expression of a new multilateral order taking everyone’s interests into consideration. On both sides, the results were fairly modest, despite the large diplomatic investments made.

In order to explain the difference between the intended objectives and the gains that were actually made, some observers advanced the assumption, of the mistaken idea that it is situated at the very origin of Brazil’s „new diplomacy“. This gathers together various elements of the „party diplomacy“ of the Workers’ Party that are not necessarily consensual among the partners designated as the target of Brazilian priorities. The procedures used, as a matter of fact, had more to do with the idea of the government coalition’s dominant party than with the traditional ideas of Itamaraty.

Summing up, the changes which effectively took place were much less significant or important than the suggested agenda of „sovereign entry“ into the world economy, with the consequent redefinition of the international political and economic order. This is probably due to the fact that Brazil’s weight in the relevant flow of goods, services, technology, and capital, as well as in the provision of technical assistance and cooperation on a world scale, is relatively modest and parsimonious in relation to its more vocal and quite visible role in the chief international business forums. All indications are that the practical implementation of regional diplomacy and the South-South orientation is moving towards a larger degree of pragmatism.

### **3 What are the motives and interests guiding Brazil in its attempt to shape a new foreign policy?**

The new priorities of Brazilian foreign policy have been made reasonably explicit on several occasions. For example, on the 1<sup>st</sup> of January, 2007, Lula stated that Brazil had changed for the better „in monetary stability; fiscal consistency; the quality of its debt; access to new markets and technologies; and in diminished foreign vulnerability.“ In fact, according to his most recent speech, Brazil’s external situation had improved considerably. Lula reaffirmed „[Brazil’s] clear choice of multilateralism,“ the „excellent political, economic, and trade relations [maintained] with the great world powers,“ while at the same time confirming that „ties with the Southern world“ are a priority, especially with

<sup>6</sup> For a brief analysis of foreign policy during Lula’s first term, see Paulo Roberto de Almeida, „A diplomacia do governo Lula em seu primeiro mandato (2003-2006): um balanço e algumas perspectivas“, *Carta Internacional*, São Paulo: Nupri-USP, vol. 2, no. 1 Jan-Mar 2007, pp. 3-10; ISSN: 1413-0904. For a close view of the official version, see Ricardo Seitenfus, „O Brasil e suas relações internacionais“, *Carta Internacional*, op. cit., pp. 11-21. For a retrospective view and some predictions for the second term, see Miriam Gomes Saraiva, „O segundo mandato de Lula e a política externa: poucas novidades“, *Carta Internacional*, op. cit., pp. 22-24.

Africa, which was described as „one of the cradles of Brazilian civilization.“ The „surrounding South-America“ was newly emphasized as the „center“ of his foreign policy, and he noted that Brazil „links its political, economic, and social destiny to the continent, to Mercosur, and to the South-American Community of Nations“ (later renamed Unasur, the Union of South American Nations, at a meeting in Venezuela in April of 2007).

Therefore, these are Brazil's foreign policy priorities, adopted based on a vision of the world that matches up with traditional priorities just as much as with the establishment of professional diplomats, that is, seen from the left's standpoint in general and from the Workers' Party perspective in particular. In fact, more than in any other area of executive governmental activity (and certainly not in economic policy, which continues to be ruled by the conservative standards of the previous administration), it is in foreign policy that the Lula government's choices are most similar to the old political choices of the Workers' Party.

These priorities have been followed using a variety of traditional means (distinctive of Itamaraty diplomacy, which is reputed for the excellence of its diplomatic corps), and by an especially active presidential diplomacy. The priorities have also been pursued through „party diplomacy“, one made up of privileged alliances between the progressive and leftist allies who were formerly the opposition (grouped together, in large part, in the „Forum of Sao Paulo“) and social movements.

These objectives represent a combination of factors linked to domestic politics (e.g., the need to be linked to a progressive or social agenda in order to compensate for a conservative economic policy), but they also look to the old traditions of Brazilian diplomacy, like the so-called „independent foreign policy“. This latest agenda may be seen as an affirmation of autonomous positions (e.g. in relation to the United States) with an emphasis on economic development and on „national spaces“ in sectoral policy fields, besides the priority given to South American regional integration. One aim is to see Brazil's independent position in the world affirmed on the basis of a reinforcement of those multilateral fora through which Brazil - with its reduced capacity for external projection (in military and financial terms)- would be able to exert greater influence on global processes.

As regards the guiding principles that sustain Brazil's current diplomacy, it is important to note that the Lula government's foreign policy is called upon to play an auxiliary role in the Brazilian process of development. There is not, strictly speaking, any conceptual or operational novelty to this type of „instrumentalization“ of Brazilian diplomacy: Generally, this political vision goes along with the traditional Brazilian worries about its relative delay compared to the developed powers. More than one author has referred to this general orientation as a „diplomacy of development.“<sup>7</sup> What may be new to President Lula's government is that this same „ideology“ of foreign policy is, at least theoretically, inserted into the larger picture of a „national project“ of integrating the country into the world economy and of pointing to a change in the world's „power relations.“ This posture has been expressed in reiterated statements regarding the „reinforcement of multilateralism“, as well as „change in world trade geography“. This last idea shows the clear desire of the current administration to struggle for a union of developing countries to enable them to negotiate, under better political conditions, a change in the prevailing standard of unequal exchange between the North and the South.

In light of these ideas, Brazil has thrown itself into several diplomatic initiatives that involved the President himself, now one of the biggest proponents of the new Brazilian activism. This offensive has been ongoing since day one of the new administration, when, taking advantage of the presence in Brasilia of the foreign ministers of India and South Africa for Lula's inauguration, Brazil proposed the creation of the G-3 or IBSA. The same activism has shown up, for example, in the inception of the G-20, which took place at the ministerial meeting of the WTO in Cancun (September, 2003) and has been pointed to as an essential instrument for reaching the goals involved in „changing the power relations“ and creation of a „new international trade geography.“<sup>8</sup>

<sup>7</sup> See, for example, Rubens Ricupero, „A Diplomacia do Desenvolvimento“ in João Hermes Pereira de Araujo, Marcos Azambuja and Rubens Ricupero, *Três Ensaio sobre Diplomacia Brasileira*, Brasília: Ministério das Relações Exteriores, 1989, pp. 193-209.

<sup>8</sup> For a collection of the main reforms relative to G-20 activity, see the official publication Ministério das Relações Exteriores, *O G-20 e a OMC: Textos, Comunicados e Documentos*, Brasília: Fundação Alexandre de Gusmão, 2007.

All kinds of diplomatic action are being mobilized and developed with the aim of reinforcing Brazil's capacity to influence politics on the regional and global levels. Those areas that have a direct interface with civil society - such as those involved with the environment or the fight against Aids - serve as leeway for what has been described before as an especially active and „engaged diplomacy.”<sup>9</sup>

The players involved in the formulation and implementation of current Brazilian foreign policy are many, and they are found at different levels. Traditionally, diplomacy was held to be at the very heart of foreign relations - that is, Itamaraty<sup>10</sup>. Contrary to prior positions taken by the Workers' Party on international policy, the Lula government's presidential advisory body has been reserved for the former Secretary of International Relations, Marco Aurélio Garcia.<sup>11</sup> Unions and social movements have also rallied around their favorite issues, with importance being given to the Hemisphere trade negotiations on the FTAA and so-called „South-South diplomacy.” Three examples may serve to illustrate the wider make-up of the new „inputs” on foreign policy matters.

Before Lula took office, a huge anti-FTAA campaign was held in which several movements from the social, political and union base that support the Workers' Party took part (the party had formally taken a neutral position for electoral reasons). It was basically an ideological mobilization, given the fact that the negotiations surrounding an FTAA deal had not been finalized. However, this strong opposition led to its rejection on the diplomatic level.

„Southern” diplomacy was translated, in practice, into the selective choice of „strategic”

partners, a component that is even further strengthened by the partisan politics preferred by progressive or left-leaning political leaders. Along the same lines, the protagonist posture that Brazil intends to take regarding the developing countries may dilute the most offensive positions that the country may adopt on multilateral trade negotiations; for example, the inherent contradictions in the G-20, with Brazil on one side and China and India on the other, or between these countries and the G-33, which is made up of countries dependent on agricultural imports, or in the area of a possible dialogue with the G-7/8 and the OECD.

The various actors participating in the formulation and implementation of foreign policy may, however, take a political-diplomatic route that is relatively unheard of according to the traditional standards of Itamaraty. Similarly, some of the new „strategic allies” could influence or even determine Brazil's position in multilateral fora for sectoral interests: e.g. China or Cuba in relation to human rights; or pressure groups relating to environmental matters. The same can be said of the „peasant” movements that openly oppose agro-business and liberalized trade in this area, weakening Brazil's negotiating position when it comes to attempting to conciliate opposing demands.

Brazil's foreign policy has become highly relevant for domestic politics, too. The new diplomatic activism, mostly aimed at the South, has allowed to cater to party aspirations and has sparked an internal debate never seen before in the field of international relations in Brazil. The media, the academic community, and business leaders have mobilized around the key choices of the Lula government's foreign policy. For the first time in many years, Brazilian diplomacy seems to have lost the unanimous favor of the mainstream of society. In fact, it is worthwhile to point out that one of the few elements on the government agenda that brings together the indisputable support of the chief government party is foreign policy, with all other elements being the object of some kind of internal questioning. In the broadest view of well-informed public opinion, the debate turns, mostly, on the field of trade policy - multilateral negotiations, regional integration, and preferential deals with developing countries - as well as on matters involving cooperation with South American neighbors, in virtue

<sup>9</sup> See Paulo Roberto de Almeida, „Uma política externa engajada: a diplomacia do governo Lula”, *Revista Brasileira de Política Internacional*, Brasília: IBRI, v. 47, no. 1, 2004, pp. 162-184.

<sup>10</sup> The Ministry of Foreign Relations is headquartered in the Itamaraty Palace. Itamaraty also turned out presidential advisors and international aides for other public agencies.

<sup>11</sup> On the PT's foreign policy positions, see Paulo Roberto de Almeida, „A política internacional do Partido dos Trabalhadores: da fundação do partido à diplomacia do governo Lula”, *Sociologia e Política*, Curitiba: UFPR, n° 20, 2003, p. 87-102; versão em francês: „La politique internationale du Parti des Travailleurs, de la fondation du parti à la diplomatie du gouvernement Lula” Denis Rolland et Joëlle Chassin (orgs.), *Pour Comprendre le Brésil de Lula*, Paris: L'Harmattan, 2004, p. 221-238.

of the political instability and the ideological choices of some of them.<sup>12</sup>

#### 4 What foreign policy strategies stem from Brazil's posture and where is their focus?

Overall, it can be said that the new Lula administration has mobilized all instruments of foreign policy – multilateralism, bilateral relations and informal mechanisms of cooperation – to promote the new diplomatic priorities. The multilateral forums are naturally in a good position to handle global issues, especially trade, the environment, technical and financial cooperation for development, human rights and disarmament. In the area of regional integration, there is a combination of bilateral tools in place, most of all with Argentina, and a number of plurilateral coordination efforts are used to create favorable conditions for the advance of the physical integration of South America: energy, transport, and communications in general.

One of the main priorities of Lula's diplomacy, and in fact the most important one, was the quest for a permanent seat on the United Nations Security Council, and a variety of strategies and instruments were used by diplomats and by the President himself to pursue this objective. The topic has been inscribed in all bilateral talks, appearing in almost all of the bilateral statements issued whenever Brazil managed to obtain support on an issue, and in some cases Brazil has compensated its partners by canceling old bilateral debts (of e.g. various African and some Latin American countries) or increasing development cooperation and reaching out to cooperate on development with almost all of the speakers from relatively less developed countries. This objective was probably the underlying element of the Brazilian decision to lead a UN stabilization mission in Haiti, with commitment of important resources at the military, diplomatic and financial levels. The quest has also been decisive for the liquidation of Brazil's contributive debt in practically every multilateral agency. This has also provided an opportunity for a high-level debate with the rest of the declared candidates for a UNSC seat, and from there for the resulting formation of the G-4 with Germany, India, and Japan to establish a common position in debates surrounding the reform of the UNSC. Brazil has

received declarations of support from at least two of the permanent members, France and the UK, as well as the ambiguous support of a third, Russia, along with the open non-opposition of the US. An rapprochement strategy designed to „conquer“ China was attempted through various means, including a formal acknowledgement of China as a „market economy,“ although Brazil was probably hoping that the Asian country would be more positive on the issue of expansion.

Despite open opposition in the region from Argentina, and a marked lack of US enthusiasm for an „exaggerated“ expansion, Brazil considers its efforts not to have been in vain, e.g. gaining support for Brazil. Winning a permanent seat on the UNSC is seen by Brazil's diplomatic establishment as a relevant symbol of the country's status as a major international player. Although the topic has been debated in regional terms, Brazil does not necessarily consider its candidature as emanating from any mandate bestowed by its geographical region, tending instead to see its aspiration as an acknowledgement of its important role on behalf of building peace and developing positions with a truly universal basis.<sup>13</sup>

There is a virtual consensus among the elite on this topic, and even if the costs have not been extensively debated outside of the elite, there is „virtual“ support in practically every layer of society for the legitimacy of this claim – a situation which cannot be replicated in relation to the possible entry into the OECD. Access to the Paris organization is seen as an undesired „graduation“ of the country into the „rich club,“ which could create obstacles in the dialogue and coordination of positions with its neighbors and other developing countries, not to mention the practical effects in terms of preferential treatment on the multilateral level – GSP and other trade facilities – and the new obligations that would have to be taken on in dealing with global issues.

<sup>12</sup> Acc. to Paulo Roberto de Almeida, „Uma nova 'arquitetura' diplomática?: interpretações divergentes sobre a política externa do Governo Lula (2003-2006)“, *Revista Brasileira de Política Internacional*, Brasília: IBRI: ano 49, nº 1, 2006, pp. 95-116.

<sup>13</sup> Despite this „universalist“ vocation, the Brazilian aspiration to a UNSC seat is not necessarily regional; Minister Celso Amorim sought to highlight, in an interview, that „we have to make it clear that the countries that enter into the Council represent their regions. [Brazil] will have to find a way of representing the entire region;“ acc. to „Isto é uma reforma, e não uma revolução“, interview published in *O Globo* newspaper on August 13, 2005, in Ministério das Relações Exteriores, *O G-4 e as Nações Unidas: Textos, Comunicados e Documentos*, Brasília, Fundação Alexandre de Gusmão, 2007, pp. 84-85.

Whatever the case, Brazil sees its rise to the most elevated circle of international responsibility as recognition of its own importance, but would probably prefer this elevation in status to take place together with the other relevant global actors, e.g. India and China, and possibly South Africa. Brazil does not believe that it is possible to establish any sort of „superpower concert,“ preferring instead to emphasize the reinforcement of multilateral institutions and of the regional fora as the ideal path towards affirming the primacy of international law and cooperation within a system more democratic than that which currently exists.

Despite its firm engagement in nuclear non-proliferation, in the instruments of control of weapons of mass destruction, and in the restrictive regimes designed to control sensitive equipment and materials, Brazil does not consider schemes that perpetuate the currently existing discriminatory systems to be acceptable, as shown by the NPT. Conventional disarmament is not emphasized, but Brazil is one of the countries with the lowest spending per capita on the military, in both the region and in the world, and in fact this has worked as an element of pacification and political stabilization in the region - and Brazil has aspirations to play the same role on a wider scale. Brazil was the articulator of the Peace Zone and South Atlantic Cooperation, and this is exactly why the country does not favor the idea of just any defense scheme being established, (e.g. modeled on a similar NATO scheme), in this region's maritime-geographic area.

The main focus of Brazil's political, economic, and strategic action is obviously centered on South America, an idea that has been emphasized by Brazilian diplomacy since the beginning of the 1990s as a replacement for the politically vague and geographically diffuse notion of Latin America. The initiatives adopted by Brazilian diplomats in the region - for example the FTASA, proposed after the creation of the FTAA, or a network of trade deals between Mercosur and the South American countries, as well as the South American Community of Nations - have been complicated, be it by the unstable political situation present in many countries of the Andean and Caribbean regions, be it in virtue of the US' great power of attraction, most of all when it comes to finance, trade, and investment, areas in which Brazil has fewer competitive resources than the Northern giant.

The very disagreements between the countries of the region regarding their respective priorities and the historical mistrust in relation to Brazil's

specific weight have made the exercise of what many observers consider to be „natural leadership“ difficult for Brazil in a region that is still not very physically integrated - the geographical obstacles are considerable - and one with major economic and social disparities, the so-called „asymmetries.“ Traditional Brazilian diplomacy has always had a certain distance to the notion of „regional leadership“ , one rooted in knowledge of the problems that such an affirmation would cause in the region; but today's diplomacy has „flirted with“ the notion for a moment, even with a view to demands made by some of the region's smaller countries. Despite the magnitude of its GNP and the advance of its industry, altogether Brazil lacks the conditions it would need to provide assistance at the same level as the OECD countries. All the same, it has voluntarily taken on the role of a „fixer of asymmetries“ and has been pushing for productive re-conversion schemes and infrastructure and economic capacity building for smaller countries, agreeing, for example, to be one of the main contributors - at the rate of 70% - to a compensatory finance fund within Mercosur. Even adopting much more cautious, and orthodox, economic policy principles than the majority of the countries in South America, Brazil participates in discussions and negotiations concerning finance schemes for development using public resources, and there may eventually be a Southern Bank created in the same mold as the IADB or the CAF (Andean Development Corporation).

Some differences of opinion have become manifest between Brazil and some countries of the region, mostly concerning energy cooperation and the relative weight of fossil fuels and renewable energies. Brazil is a major producer of ethanol made from sugarcane and has already developed technological cooperation schemes with the US to stimulate its use internationally, something that has not stopped the country from continuing to seek possible understanding for full physical integration of the continent. Energy integration has shown itself to be more complicated than was initially predicted, since it includes supplier countries, including, most notably, Venezuela and Bolivia, but also Peru and Ecuador, and consumer countries like Brazil, Argentina and Chile, which pursue interests that, while they do not necessarily conflict, do not exactly coincide, either. Brazil has been having difficulties fulfilling its cooperation treaties and the gas exploration accords signed with Bolivia in the 1990s (which was actually unilaterally modified by the Andean country); also, the Venezuelan proposal for an enormous pipeline linking its



immense gas fields to Brazilian and Argentinian consumers must be carefully analyzed. The initiatives in this area transcend even the regional scene and the purely commercial area, since Brazil is interested in promoting the intensive use of green fuels on a global scale, rallying the African countries most of all on the basis of financing from developed countries and Brazilian technologies, which are strongly competitive in this area.

This „non-consensual leadership“ in the South American region does not imply that Brazil intends to speak on behalf of the rest of the countries in the region, mostly because these countries would not allow it, for a series of historical and geopolitical reasons. Mercosur, for example, does not have any decision-making mechanism calculated on the basis on the relative weight of its members, leaving all of the members with equal veto power over any decision or resolution.

It is worth noting that in any hypothesis, the regional diplomacy of Lula's second term must be seen as based on more cautious, and much more realistic, procedures than during the first term.<sup>14</sup> In effect, the enthusiasm for integration, and the political initiatives adopted in a relatively impetuous manner in the initial phase, soon came up against the distinct political realities in each sub-regional scenario and the domestic and foreign factors of political instability or „misalignment“ in relation to Brazil. Brazil's most ambitious project, which was to gain the expansion of Mercosur as the basis of regional leadership just as much as of „continental resistance“ to the FTAA, was unable to overcome the same difficulties that had already paralyzed the block starting with the crisis of 1999: Competitive differences among the members and non-integrated and almost non-complementary industrial structures continue to impede the full functioning of the customs union via a common foreign tariff uniformly applied by all. The FTAA was blocked at the presidential meeting of the Mar del Plata (November, 2005), only to come back in the form of a series of bilateral accords drawn up by the US. In 2006, Mercosur was expanded to include Venezuela, but its accession was an essentially political decision, still leaving to be seen whether the predicted deadlines would be met within the protocol of convergence for its full incorporation into the customs

regime and into the entire range of internal norms. Actually, Mercosur does not possess an *acquis communautaire*, like the old European Economic Community, which would serve as a basis for progressive construction of a common market: the differences are not only institutional, but also of a political nature.

In the bilateral plan Brazil had to accommodate Argentinian complaints, accepting various unilateral restrictions to free commerce before consolidating the new regime in a protocol of safeguards, euphemistically called the „Competitive Adaptation Mechanism.“ In the South American integration plan, the „burden of leadership“ was never taken on, since the South American Community of Nations remained a project that was still on the road to being put into place: During its inception in a regional meeting held in Peru (December, 2004), none of the three other Mercosur presidents showed up for the ceremony. It is not certain that under its new name, Unasur, proposed by Venezuelan President Hugo Chávez, and with prospects of a secretariat in Quito, the new entity could overcome the differences in vision and objectives that inspire each of the region's leaders.

## 5 What does this all mean for the international order?

Brazil occupies a singular position, not necessarily unique, but one specific in its own way within the contemporary system of international relations. It is certainly a country-continent that can be classified in the category of „monster-countries,“ as George Kennan once referred to the other giants like the US, Russia, and China. This type of political characterization is certainly ambiguous, since the primary dimension of the country's population data and the physical size of its territory do not always correspond with its proportional importance at the international political level or in the world economy, as was the case with China during a specific period of the 20th Century, or at the end of that century with Russia.

Together with these emerging global players, Brazil is presumably destined to play a future role of prominence in the evolutionary scenarios of global governance, but probably on the side of the economy rather than on the strategic-military road. As a large commodities producer, the world's first producer of a long list of raw materials, generally agricultural in nature, Brazil is gifted with immense reserves of natural resources and biodiversity products. For a long time, Brazil, in its first three or four centuries as

<sup>14</sup> Acc. to Paulo Roberto de Almeida, „Políticas de integração regional no governo Lula“, *Política Internacional*, Lisboa: # 29, Series II, December 2005, pp. 33-60.

a nation, basically efficiently offered up „dessert products“: sugar, coffee, cocoa, and a few others. Currently this line of raw materials is complemented by a wide range of other raw goods, besides some manufactured goods of low technological intensity. Today, Brazil continues to be a competitive commodities supplier, but is also on the front line of state-of-the-art technology, like civil aircraft. In the future Brazil will become a relevant supplier of renewable energies, from sugarcane ethanol to biofuels in general, and this goes not only for the product itself but equally for its technological and scientific dimension.

Brazil was punished, in its economic history, for its lack of abundant sources of energy – coal and petroleum in the first and second industrial revolution, and this, together with the population's low educational level, has hampered its entry into the modern industrial economy. The low economic growth rates Brazil has recorded in the last two decades, following an impressive effort to add value to GNP during the first eighty years of the 20th Century, are likely to persist through the predictable future, due largely to Brazil's elevated fiscal burden compared to the rest of the emerging countries: Public costs account for around 38% of GNP, a figure similar to the OECD average, compared with the average of 28% for emerging countries and an even lower rate for the most dynamic among of them (17 and 18% for China and Chile, for example).

In effect, the analysis of the BRICs by Goldman Sachs confirmed that Brazil is the least dynamic country relative to this group. But even maintaining just the average, fairly moderate rate of 3.5% of GNP growth coming up on 2050, this would be enough to place Brazil into the new G-6 of the world economy predicted in this study. Of all the BRICs, Brazil is the country with the best market structures, the fruit of capitalism that has developed in a relatively „orthodox“ manner throughout the 20th Century. Despite the dysfunction generated by an intrusive government and by the heavy tax burden, in large part responsible for the high costs of transactions and the high rate of general informality, modern Brazil has relatively developed and functional government and corporate institutions for entry into the circuits of the globalized economy. If the country is able to go towards a new social pact that would reduce the weight of taxation and excessive regulation, the conditions for Brazil to enter into the virtuous circle of sustainable growth could come about, preserving macroeconomic stability. Brazil will still maintain, for one or two

still maintain, for one or two generations, an unequal profile in the distribution of income, with a high Gini coefficient compared to the world average, but the trend seems to be a slow but safe reduction based on maintaining macroeconomic stability, educational investments, and governmental transfers.

Regarding its international presence, Brazil, along with other large players like Indonesia and South Africa, does not seem to have become „satellite-able“ the way the other emerging countries on the periphery have. The clear notion of national political independence and of economic expression in a global context seem to be commonly shared feelings among the different elites that have succeeded to political power in Brazil during the modern period. Even though there were times of illusion of a „special relation“ with the US, there did not seem to be any vocation which would help Brazil to enter into the „great liberal West,“ or into the international system exclusively dominated by the USA.

The general orientation of Brazil's elite is to seek out diverse alliances of a more pragmatic than ideological character and to develop the country's potential based on evident comparative advantages, in order to allow for the full sovereign affirmation of Brazil on the international scene. Obviously, the desired larger presence in the world depends on the country successfully carrying out domestic reforms to allow for faster economic growth and consolidation of structural transformation that would definitively take the country out the category of „developing countries“.

There is as yet no guarantee for this optimistic itinerary. Prospective scenarios drawn up by the former Secretary of Strategic Affairs of the Presidency at the end of the 1990s showed three possible evolutions for Brazil coming up on the year 2020. According to a more optimistic exploratory scenario, „in 2020 Brazil is a solid and modern economic power, but still shows levels of social imbalance.“ It is marked by accelerated economic growth, but „serious social and regional problems are still apparent, because of the persistence of bad income distribution and the special concentration of the economy.“ In an intermediate scenario, in compensation, the Brazil of 2020 „is a more fair society. The role of government is concentrated on the reduction of absolute poverty and the rift between the rich and the poor (but) the country's participation in foreign trade remains at less than 1%.“ In another exploratory, and more pessimistic, scenario, in 2020 „Brazil faces crises of political and eco-

conomic instability, whose prolongation leads to the worsening of social problems. The situation of instability is, in large part, due to the deconcentration of structural reforms. The country's vulnerability is aggravated by the prevalence of an international scenario of fragmentation, with protectionism worsening. Brazil loses space in the world market, closing in on itself, without the possibility of counting on external factors capable of driving economic growth."<sup>15</sup>

This more pessimistic scenario is reflected in a study by the National Intelligence Council, which saw in „Project 2020“ perspectives for Brazil and Latin America, attempting to visualize some trends of Brazilian and regional evolution. According to this study, „Brazil will probably fail in its attempt to lead South America, due just as much to skepticism from its neighbors as to its frequently determinant emphasis on its own interests. But it will continue, in the meantime, to be the dominant voice in the continent and the principal market of its partners in Mercosur. Brazil will still not have received a permanent seat on the Security Council, but will continue to be considered as a global player. Despite the fact that Brazil's economic performance will not be spectacular, the dimensions of its economy along with its vibrant democracy will continue to play a stabilizing role in the region. Trade schemes with Europe, the United States and large developing economies, namely China and India, will help to maintain growth of its exports enough to make up for the general fault of dynamism in its economy. Even after 20 years, the efforts to put vital reforms into place in Brazilian institutions are still in progress. Although the situation will tend to show some improvement, the so-called 'Brazil cost,' a problem of governance, will continue to make efforts to entirely modernize its economy difficult. Taking advantage of the hunger in Asia and of its reinforced ties with Europe, Brazil will be able to make up for its structural weaknesses thanks to its robust agribusiness sector."<sup>16</sup>

In summary, Brazil will continue to advance, but apparently not in a rhythm that will put it at the head of the world economy in the near future, assuming, of course, that no big economic or social problem disturbs the relatively optimistic prospective scenario laid out in the Goldman Sachs study. It is predictable that Brazil will continue to show features relatively similar to those recently seen in its cautious and at the same time participative diplomacy: a leading position in trade fora, a larger presence in financial and technological areas, a certain continuity in its active engagement in multilateral organizations. The Southern alliances, especially those in the South American region, will continue to be emphasized quite a bit in its foreign policy, with the dialogue with the chief economic, political and military powers at the same time continuing to intensify, not excluding entry in the middle term into the OECD and an expanded G-8.

The preferred scenario of action will continue to be South America and possibly the closest African countries, but the quality of diplomatic interaction with developing partners will also presumably be improved. The great European countries that have a strong corporate and cultural presence in Brazil, like Germany, will continue to have an outstanding role to play in this complex web of economic, financial and technological relationships. Brazil is opening, in 2007, a high-level dialogue with the European Union which should have effects in Mercosur and South America, balancing out the always important presence of the US in the region.

In conclusion, it may be said that the emergence of Brazil as a major regional and global player depends much more on continuity in its internal process of economic reforms and policy-making than its ability to project itself abroad.

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<sup>15</sup> Acc. to the Secretary of Strategic Affairs, *Brasil 2020: cenários exploratórios*, Brasília: SAE, text for reflection on the Brazil of the Future, July 1998, p. 5, in: Paulo Roberto de Almeida, „Planejamento no Brasil: memória histórica“, *Parcerias Estratégicas*, Brasília: CGEE, # 18, August 2004, pp. 157-190.

<sup>16</sup> Acc. to „Latin America in 2020: Two Steps Forward, One and a Half Back“, in National Intelligence Council, *Mapping the Global Future: 2020 Project*, Washington: Government Printing Office, 2004, link: [http://www.dni.gov/nic/NIC\\_2020\\_project.html](http://www.dni.gov/nic/NIC_2020_project.html), in:

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Almeida, „Planejamento no Brasil: memória histórica“, *Parcerias Estratégicas*, op. cit., p. 189.

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