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Obama's visit to Brazil: patching old wounds and pointing the way ahead

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Introduction

On the eve of US President Barack Obama's visit to Brazil, the state of relations between the two countries understandably comes under renewed focus, with many policymakers and observers keen on testing the waters between the two often-strayed partners. As expected, the stakes are high since this will mark Obama's first official visit to South America. The selection of Brazil as the initial stopover is therefore not without its underlined geopolitical significance. More so, if one takes into account the new tenant of the *Palácio do Planalto*, Dilma Rousseff, and her latest indications that slight foreign policy 'nuances' are to be expected in the coming future, including when it comes to dealing with the US in the present international context.

Given the shaky developments between these two countries during Lula's eight years in office, both national authorities are certainly eager to turn a page before the public eye and present a new cooperation framework that would allow the bridging of important differences and policy disparities that have frequently stood in the way of a fruitful and balanced partnership. Nevertheless,

those same differences have not simply ceased to exist and the remaining obstacles are still considerable, with serious potential to derail any goodwill that both parties might initially bring to the table on March 19-20th.

Some will see this visit as the recognition of Brazil's growing foreign assertiveness and increasing exposure; others will claim it as a mere natural step in the bilateral relationship between the long-declining superpower and the aspiring suitor to greater international preponderance. Be that as it may, an analysis of this pending and significant event in both countries' history is in order. It will therefore begin with a brief assessment of Brazil-US relations, specially under Lula's leadership and more importantly during his last two years in office, which have ultimately set the stage – although not absorbed it entirely – for the current bilateral scenario. A tentative agenda for the upcoming meetings will then be suggested, with a range of crucial issues that will likely be addressed – both officially and unofficially – by the respective authorities. Last but not the least, some final conclusions will be drawn as to the real implications of Obama's visit and the ongoing expectations for a new chapter in the relationship between both countries.



Brazil and the US at a glance

In all fairness, relations between Brazil and the US are nothing but complex. For all purposes, significant variables from the past still impair their daily contacts and are usually found in local political discourses whenever such relations hit a snag along the road. The undeclared American support to the roll of military regimes throughout South America – Brazil included, although with variations – is still a boiling point for many local political elites. Likewise, the harsh economic and financial woes of the late nineties are usually associated with macroeconomic policies prescribed by the so-called Washington Consensus, thus constituting painful memories of events that Brazilians seek to prevent from ever happening again. When Lula took office in 2003, international fears regarding a possible 'turn to the left' in Brazil, with subsequent reflections on the country's foreign relations, spread through every major world capital. The US in particular had come to effusively appreciate Fernando Henrique Cardoso's liberal views – although his last two years in office were far from entirely 'conniving' with American interests – and were, in that sense, suspicious of both Lula's political background and historical-ideological leanings. However, Lula soon exhibited a willingness to build on his predecessor's hard won economic gains and thus quickly dispelled any doubts about his intended agenda for Brazil. This is not to say that the relationship with the US remained on a smooth course. Indeed, although they could be generally characterized as to comprise an absence of both "great conflicts and of significant progress",¹ the first

years of Lula's term were not without clashes. Particularly so, in multilateral trade talks, either under the framework of the Doha Round – exemplified by the 2003 Cancun Ministerial Meeting where Brazil led the newly-formed 'commercial' G20 against the developed world's proposals – or more importantly, throughout the ill-fated process of the US-championed Free Trade Area of the Americas, which ultimately broke down after negotiations failed to produce

any consensual result until the self-imposed 2005 deadline. Moreover, Lula did not abstain from criticizing the US's unilateral interventions – most notably in Iraq – as they were seen as basically undermining the existing multilateral system, of which Brazil longed of be an active and decisive member.

However, against what many had predicted, these episodes in no way signaled a permanent rift between Brazil and the US. Indeed, soon after such diatribes and specially so after George W. Bush's reelection in 2005, both countries began to find common ground to develop a sustained level of bilateral cooperation. With that goal in mind, Bush travelled to Brazil in November 2005 and again in February 2007, bringing with him on this last occasion a widely touted Memorandum of Understanding to Advance Cooperation on Biofuels that supposedly opened up new opportunities

for joint research and production in this area. A month later, Lula reciprocated by going to Camp David, after his previous visits to Washington in 2003 and in 2002, while President-elect.

In this context, before Barack Obama was elected in 2008, Brazil and the US were visibly at a point of convenience. Not exactly the best of partners in international stages but somehow, amid all their differences in South American geopolitics or trade disagreements, they had discovered effective cooperation venues – some less public, like

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1 Cristina Pecequillo, "A New Strategic Dialogue: Brazil-US Relations in Lula's Presidency (2003-2010)" (*Revista Brasileira de Política Internacional*, No. 53, Special Edition, 2010), p. 139.



anti-terrorism cooperation – that despite not pushing the relationship considerably further, at least managed to prevent it from stalling and stagnating.

Whereas with Obama, the outlook for the last two years of Lula's government could not have been more dismaying. Although Obama heralded a new phase in relations between the US and Latin America during the 5th Summit of the Americas in Trinidad and Tobago on April 2009², the events that soon followed quickly demonstrated how such a turnaround would not be so easily obtainable. Small gestures towards an easing of the American embargo on Cuba, for example, failed to win much recognition in the region and "with no major announcements or new visions for cooperation, Latin American optimism towards its relations with the United States soon became diluted".³ On the other hand, the ousting of Manuel Zelaya in Honduras on June 2009 and his subsequent refuge in the Brazilian embassy in Tegucigalpa swiftly evolved into a controversy between Brazil and the US over how to support/condemn developments on the ground. The formal recognition of the new Honduran regime would go on to become a constant point of bilateral friction.

Furthermore, US intentions to reinforce its presence in Colombia through several military bases also proved hard to sell, as Lula joined the vocal regional opposition

to such plans who reminded the sub-continent of the nefarious effects of American military influence.⁴ Nevertheless, despite this suspicious climate, the US and Brazil would eventually move on to sign a new defense cooperation agreement in April 2010 – the first since

1977 –, covering a wide range of areas from research and development to engagement in combined military training and joint military exercises, among others.

Still, the deck was again reshuffled after Brazil's Middle Eastern gamble. As it so happened, Lula decided in 2010 to throw his weight and Brazil's diplomacy behind the tense deadlock between the international community and Iran over the latter's nuclear program. However, even though Brazil and Turkey ended up producing an allegedly breakthrough compromise, it proved essentially useless in stopping a new round of sanctions from being approved by the UN Security Council. At the time, the lines were clearly and publicly drawn as Brazil went out of its way to oppose such a move. Nonetheless, its efforts ended up being ultimately and blatantly brushed aside. Reflecting the deep divisions in this matter, Brazil ended up voting against the US sponsored resolution on new Iranian sanctions, thus underlining the significant wedge that was

The official mood between the two countries thus started to defrost and political niceties soon followed. For example, Secretary of State Hillary Clinton attended Dilma's inauguration on January 1st and the appointment of former ambassador to the US Antônio Patriota as the next Brazilian Foreign Minister was widely seen as entitling a new perspective on bilateral relations. Obama's announcement in his 2011 State of the Union address that he would visit Brazil, together with Chile and El Salvador, was the confirmation that Brazil would not be left behind in the US's vast and overreaching foreign policy.

established between the two countries.

After such a myriad of disagreements, it is not all that surprising that Lula himself expressed his disappointment in Obama's supposedly fresh new approach towards South

2 Scott Wilson, "Obama Closes Summit, Vows Broader Engagement With Latin America" (*Washington Post*, 20 April 2009).

3 João Augusto de Castro Neves and Matias Spektor, "Obama and Brazil", in Abraham F. Lowenthal, Theodore J. Piccone and Laurence Whitehead (eds.), *Shifting the Balance: Obama and the Americas* (Brookings Institution, 2011), p. 46.

4 Sensitivity to these kinds of endeavors was already displayed two years prior, when the Bush Administration decided to reactivate the US Navy 4th Fleet for the South Atlantic area.



American and inherently, Brazil.⁵ However, as soon as he left office, it was now time to speculate on how his successor, Dilma Rousseff, would in turn prioritize the US among her own foreign policy goals.

A tentative agenda

Right before assuming the Presidency, Dilma had already indicated that some minor changes in terms of her country's foreign policy were in the works. Indeed, an opportune interview with the *Washington Post* allowed her to begin laying the ground for new indicative guidelines. Regarding the US, she could have not been clearer: "I consider the relationship with the US very important to Brazil. I will try to forge closer ties with the US. (...) I believe that the US has a great contribution to give to the world. And above all, I believe that Brazil and the US have to play a role together in the world".⁶

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With this context in mind, it is thus possible to pinpoint some indicative topics that will certainly figure prominently during this state visit, although with varying degrees of publicity.

Nevertheless, making amends is also evidently in order, as the leftovers of Lula's 'enthusiastic' foreign policy ventures remain notably present. Still, there is a distinct driving will to overcome this legacy, as evidenced by Dilma and her staff's approach as well as by their careful remarks. The anti-imperialistic and anti-hegemonic rhetoric – frequently audible in Lula's interventions – is thus bound to make way for a more conciliatory tone, in line with the recognition of shared interests and the need for a common approach, particularly on economic issues of mutual interest.

• Dreaming of an UN Security Council seat

Among all possible items in the agenda, this particular issue will most likely constitute the biggest elephant in the room. For far too long, Brazil has advocated for a significant reform of international institutions, with the Security Council as its highest priority. In that sense, such a goal was elevated to the central cornerstone of Brazil's foreign policy during Lula's tenure. Afterwards, given Dilma's initial indications, this national certainty of the country's right to such a claim was then further reaffirmed, even though the need for the broadest international support in initiating such a delicate reform remains a neutralizing obstacle difficult to overcome.

Still, this subject recently gained new traction, specially after Obama's endorsement of India's similar aspirations, when he visited the country in November 2010. At the time, international surprise was significant as the US had only previously backed Japan's candidacy in the past. Hence, Brazilians saw it as only natural that

they would be next in line in receiving official support, symbolic as it might seem. That much is discernible from Patriota's own words when he stated that he expects "the US to remain engaged in a UN Security Council reform that foresees the inclusion of new permanent members from the developing world, such as Brazil, India and others (...)".⁷ Furthermore, recent reports appear to indicate

5 "Lula critica Obama e sua política para a América Latina" (*BBC Brasil*, 27 December 2010).

6 Lally Weymouth, "An interview with Dilma Rousseff, Brazil's president-elect" (*Washington Post*, 3 December 2010).

7 João Fellet, "Patriota cobra 'engajamento' dos EUA em reforma do Conselho de Segurança" (*BBC Brasil*, 10 March 2011).



a generalized feeling of anticipation, accompanied by a high risk of letdown that can be best summed as such: "if the President does not explicitly express support for Brazil's candidacy for a permanent Security Council seat, the trip will be a failure".⁸

However, Brazil would probably do well to not hold its breath on this one. For all the fairness and equity in supporting Brazil's ultimate international aspiration, the truth is that the US has not completely forgotten the bilateral dissent over the Iranian affair. The political fallout associated with this episode has significantly endured throughout certain branches of the Obama Administration, who deemed Brazil's behavior as not entirely appropriate for a hopeful responsible global actor. Secretary Clinton's illusive remarks regarding this issue, when recently hosting her Brazilian counterpart, appear to sustain this view.⁹ Ultimately, although there has been a change in leadership and despite some degree of possibility – for instances, Obama's support for India came out of the blue –, the probability of Brazil hearing those long-awaited words of full endorsement is presently rather diminished. The most likely scenario will probably comprise some words of support for Brazil's path in achieving such an objective, thus inevitably falling short from a full-blown official backing.

• International cooperation

But if Iran is still in many US policymakers minds when thinking about Brazil, the opposite is not so true anymore, or at least not in the same terms. In fact, in the same cited interview to the Washington Post, Dilma expressed her uneasiness with Brazil's previous position of abstaining from voting on a UN human rights resolution condemning Iran. Likewise, during the 16th meeting of the UN Human Rights Council, Human Rights Minister Maria do Rosário opened the door to assessing human rights violations in every country, Iran included. And shortly after, Brazilian Permanent Representative to the United Nations Office in Geneva Maria Nazareth Azevedo hosted Nobel Peace Prize winner and renowned Iranian dissident Shirin Ebadi, in a clear manifestation of the changing dynamics in Brasília. On top of that, the possibility of Brazil supporting the appointment of a special rapporteur on human rights in Iran is not yet confirmed but would undoubtedly find

much encouragement from the US. Overall, all signs appear to demonstrate a slight realignment of positions when it comes to the topic of Iran.

Other pressing international matters, like Libya, or situations of joint-interaction, like in Haiti, are also likely to grab an equal amount of official bilateral attention. Furthermore, Brazil might take this opportunity to raise the subject of José Graziano da Silva's candidacy for the post of Director-General of the United Nations Food and Agriculture Organization (FAO), although it is still not clear if the US prefers instead to support his chief contender, former Spanish Foreign Minister Miguel Ángel Moratinos.

• Planes, planes and more planes

A different potential issue up for discussion regards the pending aeronautic deals between the two countries. On top of the list, lies the much publicized and delayed FX2 fighter bid for the Brazilian Air Force, which includes at least 36 new aircraft at a price tag of nearly US\$7 billion. As expected, competition has run high between the different proposals – ranging from Dassault's Rafale to Boeing's F/A-18 Super Hornet and Saab's JAS-39 Gripen NG – despite the Lula Administration's insistently public preferences for the French offer, understood as a part of a more comprehensive package of military contracts with Brazilian Armed Forces.

However, with Dilma in power, the entire process was re-set once more as she allegedly wished to study the offers at the table more closely and try and get a better deal, specially when combined with the ongoing mood of austerity in Brasília. In other words, a final decision was pushed back, thus trashing France's lead and allowing the US back in the game. In this context, Republican US Senators John McCain and John Barrasso were quick to travel to Brazil and meet with Dilma on January 10th, lobbying on Boeing's behalf and abating any concerns regarding the lack of sufficient technological transference – one of Brazil's main concerns.¹⁰

On the other hand, one potential trade-off in this deal might lay in Brazil's wish to sell up to 200 Embraer's EMB-314 Super Tucano aircraft – designed for light attack, counter insurgency (COIN) and pilot training missions – to the US, a contract that could possibly be worth US\$2.2 billion and which was also brought up by Patriota in his latest visit to Washington DC. Either way, no final announcement will

8 David Rothkopf, "Obama in Brazil: Another 'present at the creation 2.0' opportunity" (*Foreign Policy*, 9 March 2011).

9 Alessandra Corrêa, "Hillary elogia liderança do Brasil mas não menciona apoio a vaga no Conselho da ONU" (*BBC Brasil*, 24 February 2011).

10 Bruno Costa, "Em visita ao Brasil, republicano John McCain faz lobby por caças americanos" (*Folha de S. Paulo*, 10 January 2011).



arise from this visit but it is widely expected that some strong and active lobbying from both parties will take place, in order to secure the respective multi-billion dollar deals for their own defense industries.

• Economy and trade

Despite the importance of the subjects discussed above, trade-related issues and economic matters have already been announced as the dominant topics of the official working agenda. When one looks at the official figures, it is easy to understand why. Indeed, although the US has been knocked down as Brazil's number one trading partner by China, the bilateral exchanges are still fairly overwhelming. For example in 2008, the trade balance reached US\$53 billion, with Brazilian exports accounting for US\$27.4 billion and the imports from the US amounting to US\$25.8 billion – the highest figures ever. And although the international financial crisis took its toll in 2009, with bilateral trade numbers declining to US\$35 billion, 2010 witnessed another rise of 26.21% to a total of US\$46.3 billion, even though the US exported far more to Brazil than the other way around.¹¹ As of 2010, Brazil has therefore climbed to the 8th position as a destination for US products and services.

In that sense, official calls for the nurturing and reinforcement of greater economic ties are rightfully expected to figure prominently on both leaders' discourses. Several possible areas of opportunity are reportedly being considered. For example, Patriota has recently mentioned the possibility of Brazil beginning to export oil to the US, which would most certainly tip the trade balance in the latter's favor. Afterwards, Obama himself confirmed that the issue would be discussed as a part of the official agenda, given that the US presently seeks to diversify relations with 'alternative' oil-producing nations in light of growing instability in the Middle East and Northern Africa.¹²

Other areas of interest might also reside in business opportunities associated with Brazil's upcoming organization of the 2014 World Cup and the 2016 Olympic Games, as the country races against time to build the necessary massive infrastructures required to accommodate such events. To that end, Obama is apparently ready to disclose plans regarding new financing for joint infrastructure projects between US and Brazilian companies, with

the added possibility of eventually reaching out to Africa, where both countries have shared interests.¹³ Furthermore, greater cooperation initiatives in scientific-technological matters, innovation and alternative energies, namely ethanol, are also considered a shoe-in in any final joint declaration.

However, the matter of ethanol – as well as cotton, beef and orange juice, for that matter – leads precisely to the question of drawn out bilateral trade squabbles that have long encroached on Brazil-US relationship, having consistently escaped a definitive resolution. Antidumping and fito-sanitary measures, additional import tariffs and subsidies to American producers in these areas have long stood in the way of greater exchanges. Consequently, they have almost turned into traditional stumbling blocks for Brazil and the US in any official agenda and are thus sure to pop up this time around, even though prolonged discussion on these issues will be left to more technical posterior meetings.

Finally, China will certainly be on everyone's mind; its increased weight in Brazil's trade balance is by now undeniable and will certainly continue to grow. As such, Brazil finds itself at a crossroads, wondering whether to foster greater ties or to proceed with more caution when dealing with the Asian giant. Amid all this, the devaluation of the yuan – which has led to frequent warnings over a possible international currency war –, has already prompted a visit by US Secretary of Treasury Timothy Geithner and Assistant Secretary of State for Economic, Energy, and Business Affairs Jose W. Fernandez on February 7-8th, both seeking to enlist Brazil's support against the 'undeclared' currency manipulator.¹⁴ Given that the situation has remained largely unaltered, it is only reasonable to expect Obama to make a similar request, although Brazilian officials will most likely point to, yet again, a similar devaluation trend with the American dollar and further express their preference for a G20 concerted action in this matter.

Final remarks

Expectations have run high in the past two months. Fighting the generalized perception of US neglect towards Latin America is not an easy task in itself, and the novelty of Obama's visit to the region can only do so much. To that end, during his two-day visit to Brazil,

11 Figures provided by the Brazilian Ministry of Development, Industry and Foreign Trade.

12 Alessandra Corrêa, "Obama discutirá importação de petróleo com Dilma" (*BBC Brasil*, 11 March 2011).

13 "Obama to offer infrastructure finance for Brazil" (*Reuters*, 22 February 2011).

14 Dominic Rushe, "US tries to win Brazil's support in China currency row" (*Guardian*, 8 February 2011).



Obama is scheduled to give a speech to the crowds in Rio de Janeiro, trying to build some momentum like in Prague or Cairo, in 2009.¹⁵ Although his major “address to Latin America” is reserved for Santiago, Chile and its content remains shrouded in secrecy, Obama’s words in Rio will probably include some sort of new commitment to Brazil – the forging of “new alliances across the Americas” as he stated in his State of the Union address¹⁶ –, trying to reverse the present state of apathy and in some cases hostility, towards the US. Much like with Czech Republic or Egypt, he will certainly try to build on his own popularity and set the tone for a restart in the bilateral relationship, recognizing Brazil’s tremendous potential, praising it for its growing international role and laying forward his willingness to effectively work together in achieving commonly beneficial goals. In truth, this acknowledgement of Brazil’s increasing gravitas had already been made clear in the US’s 2010 National Security Strategy, where the South-American powerhouse is classified as an “emerging center of influence” with whom the US seeks “to move beyond dated North-South divisions to pursue progress on bilateral, hemispheric and global issues”.¹⁷ Although that might not immediately result in a swift endorsement of Brazil’s ambitions for the Security Council as the country incessantly wishes for, it is enough to sustain a con-

siderable interest by the US in the development of this relationship and to open up a fair and balanced dialogue on such sensitive issues.¹⁸

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Be that as it may, on March 21st it will most probably not be possible to conclude on such a short term whether Obama’s visit to Brazil was a success or a failure. In fact, its impact on both countries’ relations or its effect on regional dynamics will only be measurable much later on. But for now, this visit appears ripe to serve its main purpose, which comprises both turning a new page on Brazil-US relations and propelling them even further towards new domains.

¹⁸ Lisandra Paraguassu, “Brasil quer discutir com Obama reforma na ONU” (*Estado de S. Paulo*, 12 March 2011).

¹⁵ Wilson Tosta, “Visita de Obama ao Rio prevê discurso para 10 mil” (*Estado de S. Paulo*, 11 March 2011).

¹⁶ Barack Obama, “Remarks by the President in State of Union Address” (25 January 2011).

¹⁷ “III. Build Cooperation with Other 21st Century Centers of Influence” (*National Security Strategy*, May 2010), p. 44.

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