



RECOMMENDATIONS

- Brazil's rise as an economic and global emerging power has finally been recognised by the US. To leverage this interest, Washington needs to strengthen the policy community dedicated to Brazil to ensure more thorough and consistent attention to US–Brazil relations.
- Despite the potential, an ambitious 'special relationship' may be difficult to achieve. Too many differences in policies and priorities remain, particularly over security and trade. This is most evident in the context of regional leadership and a broader vision for the Americas.
- Bilateral relations should focus on a more permanent dialogue on many issues, thus converting growing areas of interest into concrete action and policy.
- The US and Brazil should identify clear issues and strategies of mutual interest to start deepening the bilateral partnership and multilateral engagement. Energy and climate change, as well as global financial stability, are good starting points.
- The biofuel industry and associated technology development is an area of mutual interest that satisfies national and multilateral ambitions on climate change. This is an obvious point of intersection where bilateral co-operation would have a global impact.

Brazil as an Emerging Power: The View from the United States

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EXECUTIVE SUMMARY

The United States has always seen Brazil as a significant regional powerhouse, but its perceived importance has risen in the last decade. Because of its economic strength, its hemispheric leadership and its growing geostrategic role through multilateral international forums, it has become a vital player in regional and global politics across numerous dimensions. While US recognition of Brazil's political and economic emergence brought to the fore the question of how Washington should manage relations with Brasilia, translating this new awareness into concrete bilateral policies and partnerships remains difficult. It is unclear whether the US and Brazil will be willing and able to form a 'special relationship'.

INTRODUCTION

In the last century the US has viewed Brazil as an important nation on the world stage — based on the sheer size of its territory, economy and population, and on its shared Western values. At times the US has pushed for a 'special relationship', recognising Brazil's importance for hemispheric and global stability. During the Second World War, it promised support for Brazil's development agenda. In exchange, Brazil became the only Latin American nation to send troops to Europe's battlefields. Although the pledged alliance faded after the war, throughout the 1950s Brazil largely supported US Cold War policies, if at a distance. This support continued during the military government of the 1960s. During the 1970s the US — especially Henry Kissinger — tried to reaffirm the 'special relationship', envisioning greater consultation and co-operation on an array of issues. These efforts were scuttled by a Carter administration more concerned with Brazil's equivocal position on human rights and nuclear non-proliferation.

These differences led not to conflict but to detachment between the two governments.

By the 1980s, relations tilted away from commonalities and became more tense. The US disapproved of Brazilian trade policies and its hardline stance in negotiating with the International Monetary Fund and other creditors in the wake of the debt crisis. As the largest of all third world debtors, Brazil repeatedly refused to pay interest on its arrears, threatening the deals US banks were negotiating with other nations. Newly democratic Brazil was also at odds over US military involvement in Central America.

By the 1990s the debt crisis was resolved, and Brazil again became a welcome partner in an evolving post-Cold War world. Even if few concrete actions were taken, Presidents Cardoso and Clinton agreed on many matters. Some progress was made in the realm of democracy. Both countries supported consolidating democracy in the region and leaned on Paraguay to reverse the attempted coup by an army commander against the elected government in 1996. Later, Brazil proved important in pushing through the Inter-American Democratic Charter of the Organization of American States, which binds all 34 active members to strengthen democratic institutions.

Yet, as globalisation began to drive much of US foreign policy, trade again became a sticking point. Brazil's reluctance to support fully a free trade area of the Americas frustrated the Clinton administration and thwarted a closer relationship.

Generalising five decades of foreign policy, the US rhetorically recognised Brazil's importance but concrete, practical initiatives or partnerships were few. This left little in the way of tangible policy outcomes. Instead the two countries maintained a fairly warm if distant status quo, befitting Washington's view that Brazil occupied an influential — but not central — role in the world pecking order.

TURNING POINT IN RELATIONS

The urgency for bilateral relations began to change in the last decade. Brazil was blessed with natural resources, an almost 200 million-strong

domestic market and a well diversified economy with robust agricultural, mining, manufacturing and service sectors. But for decades it suffered from high inflation, exchange rate instability and low growth. This chronic economic instability meant that, while viewed as geographically and geostrategically important, Brazil was seen by many in Washington, to quote General Charles de Gaulle, as 'not a serious country'.

These reservations began to fade as its economy improved. Anchored by the 1994 Plan Real, Brazil finally tamed its historically high inflation through solid macroeconomic and monetary policies and embarked on privatisation and other economic reforms. Put in place by President Fernando Henrique Cardoso, these initiatives were advanced by his leftist successor and current president, Luiz Inácio 'Lula' da Silva.

By 2001, Brazil's ascent was recognised by financial markets. Banking giant Goldman Sachs named it one of the countries — with the BRIC group of Russia, India and China — that could potentially eclipse the G8 in coming decades. By the mid 2000s, Brazil's macroeconomic instability seemed fully relegated to the past, and its economy boomed with higher commodity prices and the long awaited expansion of its middle class.

At the same time, climbing worldwide energy prices and rising concerns over climate change brought its biofuel successes and technology to Washington's attention. Brazil's biofuel industry dates back to the 1970s when the military government introduced an ethanol programme mandating a blend of sugar cane ethanol into transportation fuel to wean the country off dependence on imported fossil fuels. By the late 1980s more than a third of the country's motor vehicle fleet was running on pure ethanol.

In 1993 a federal law increased the mandate to a 25% ethanol blend, and demand outstripped local supply. The later technological breakthrough of flex-fuel vehicle engines restored widespread confidence and investment in ethanol, allowing motorists to switch to any blend of gasoline and ethanol at any time.

By the turn of the 21st century, Brazil boasted the most efficient biofuel production in the world, with volumes rivalling those of the United States.

Vast expanses of pasture land were readied for more sugar cane. In February 2008, the market share of ethanol surpassed that of traditional gasoline at Brazilian pumps, proving the market viability of alternative fuels in one of the world's largest economies. Add to this the recent discovery of significant oil fields off its coast and Brazil's image as a global energy leader was secured.

Politically, the United States came to see Brazil's well-grounded democracy and President Lula's centrist evenhandedness — particularly compared to neighbours like Venezuela — as important for US interests in the hemisphere. In addition, Presidents George W Bush and Lula seemed to like each other, encouraging greater efforts to work together.

For Washington, Brazil's rise came at a propitious time of changing policies and priorities. As the Bush administration took on two wars abroad, little bandwidth remained for policing its own hemisphere, despite what many saw as worrisome political shifts in the Andean region. The White House hoped that Brazil, as an important stakeholder and leader, would also accept responsibility to push for stability and democracy in South America. During his visit in 2005, George W Bush recognised Brazil as a 'leader ... exercising its leadership across the globe' and reassured Lula that as he 'works for a better tomorrow, Brazil must know (it has) a strong partner in the United States'.

THE US VIEW TODAY

Events in the last few years and a change in US administration make Brazil perhaps even more important for US foreign policy. After the worldwide financial meltdown, the relative success of Brazil, China and other developing economies has definitively shifted the centre of global financial agreements from the G8 to the G20. This gives Brazil a permanent seat in all major global macroeconomic discussions, where it already has a vital voice in the North–South dialogue.

With climate change a priority for the Obama administration, Brazil's perceived importance has grown, both for its leadership in alternative energy

and its fight against deforestation. It already boasts one of the most eco-friendly energy matrices in the world, with 46% of primary energy coming from renewable sources, far above the world average of 8%. In addition, as majority owner of the planet's largest rainforest, the Amazon, Brazil may play the central role in slowing worldwide deforestation, the leading cause of carbon emissions.

While still not given as much airtime in Washington as many of its BRIC partners — China in particular — Brazil is seen as an emerging power that the United States can work with on many issues: global financial stability, climate change, reform of multilateral institutions (e.g.: the UN, G20, WTO, IMF) as well as regional security, stability and development.

STUMBLING TOWARDS A POLICY

For all these reasons, many in Washington are calling yet again for a new special relationship. While this is progress, there are significant limitations on translating it into concrete policies.

On a practical level, the US–Latin America policy community has historically been biased toward Spanish-speaking Latin America. Few in Washington know Brazil well or speak Portuguese. The lack of a dedicated group of experts — inside and outside government — limits the constant pressure needed to keep Brazil firmly on the US foreign policy agenda. Adding to this, US domestic political battles meant that it took nearly a year for President Obama to confirm his new ambassador to Brazil. This gap severely hampered the administration's ability to create a more dynamic engagement.

It is also still unclear how best to promote common interests. While they share many concerns in principle, priorities and policies are often not aligned, and at times even in conflict. In the realm of security, the United States prioritises counterterrorism, which sits low on the list of Brazilian concerns. On drug-trafficking, US counter-narcotics assistance to the region often focuses on military responses, while Brazil has tended toward policing and law enforcement solutions. Add to this a long-standing suspicion

over US military involvement in the region, which recently resurfaced with an agreement granting the US military access to seven Colombian bases to combat drug trafficking and guerrillas. Then there are US concerns about Iranian President Mahmoud Ahmadinejad's official visit to Brasilia in November 2009. These differences may make it difficult to find a middle ground for deeper partnership on security issues in the hemisphere — while highlighting the need for Washington to communicate more openly with regional partners.

Debate over free trade poses similar dilemmas. While the US and Brazil rhetorically support expanding global free trade through the World Trade Organisation's Doha round and other mechanisms, their fundamental interests often diverge. Brazil wants to reduce or eliminate extensive US agricultural subsidies and protections, as well as tariffs on products like ethanol. The vagaries of US domestic politics make it difficult to deliver on these demands. The US, in turn, is suspicious of Brazilian protection of its industrial sector, and of what it sees as a weak intellectual property rights regime, and hopes Brazil is willing to change its position on services and market access.

Finally, assuming that Washington stays

focused on developing its relationship (a big assumption), it is unclear whether Brazil actually aspires to closer relations. It might benefit Brazil to keep the northern behemoth at arm's length, particularly given the role the United States may envision for Brazil as an active regional 'stakeholder', shouldering greater responsibilities in the hemisphere and acting in US interests.

CONCLUSION

It is likely that the US view of Brazil has changed permanently in recent years and recognises the nation's importance for regional and world order. Brazil is finally seen as a genuine emerging power. The enhanced strategic dialogue and co-operative steps taken in recent years in light of this recognition have benefited both countries. Nevertheless, many areas of disengagement and even conflict remain. Whether the newly invoked 'special relationship' will be more multifaceted and long-lasting this time remains to be seen.

ENDNOTES

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