Brazil - U.S. Relations: An Appraisal

February 27, 2004

A Synopsis

Amb. Barbosa began his talk by describing his five years as Ambassador of Brazil to the United States as challenging, demanding, rewarding and enjoyable. He felt Brazilian-U.S. relations have improved during his service here. A growing mutual recognition of the differences between the two countries has fostered better understanding and cooperation as well as mutual respect. Barbosa cited the cordial Lula-Bush meeting at the Special Summit of the Americas in January as representative of the progress made. The two presidents, said Barbosa, created a framework for the future. Additionally, Brazil was given the attention usually paid only to Europe, Mexico, and Canada.

The Ambassador stated that decision makers must understand the economic stakes the United States has in Brazil. As examples of Brazil’s importance, he noted that the United States has more investment in Brazil than in China or Mexico. Banking investments in Brazil are greater than those in Asia. Of the top 500 companies in the United States, 420 have interests in Brazil serving its large market.

The Lula-Bush meeting created a framework for working on trade issues over the next five to fifteen years. This positive framework for cooperation stresses new areas, the most important of which will be energy, according to the Ambassador. Brazil needs investment in this sector. Oil is a promising sector as Brazil will be a self-sufficient oil producer in two years, with potential for exporting. New natural gas reserves have been found. Additionally, Brazil is the most competitive producer of biomass/ethanol.

Amb. Barbosa stressed Brazil’s importance in South America. After civilian rule was restored, Brazil’s foreign policy focus on South America increased. Brazil is more proactive than in the past. The strongest evidence of this new attitude is the South American Common Market (MERCOSUL). Also, Brazil is supporting stability in South America. As an example, Barbosa cited Brazil’s actions with regard to Bolivia, where the Brazilian government has canceled $53 million of Bolivia’s debt and opened a new credit line of $600 million since President Lula took office.
In closing, Barbosa stated that U.S.-Brazilian relations can be categorized in three ways: good, bad and possible. The Ambassador felt that the “bad” was mostly due to lack of knowledge of each other and to misinformation. Brazilians do not have an accurate understanding of U.S. society; likewise, the U.S. does not understand Brazil. Additionally, trade relations are as not strong as they could be. Barbosa stressed the importance to Brazilians of reciprocity in expanding those relations.

He attributed the “good” elements in the relation to a beginning of recognition of the stakes each country has in the other, as well as growing contact between the private sectors.

The “possible” in the relationship, continued Barbosa, depends on private sector contacts continuing to increase. The Brazilian government has taken steps to allow U.S. companies to come to Brazil in infrastructure development. Barbosa also sees potential for U.S companies in Brazil’s software and IT industries. He also is hopeful that the negotiations on a Free Trade Area of the Americas (FTAA) can produce an agreement by next year, based on the recent U.S.-Brazil understanding in Miami.

In response to a question from the audience, Barbosa clarified that Brazil wants the FTAA negotiations to be balanced and is not willing to sacrifice national interests without receiving reasonable concessions from the other side. Because the MERCOSUL countries are less dependent on the United States market than are other groups in Latin America, the MERCOSUL countries are less likely to accept conditions they consider unfavorable, he concluded.