BRAZIL & US: STRENGTHENING RELATIONS

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Brazilian Foreign Policy Tenets

- Double Identity: a South American and Emerging Country
- Multilateralism, through the OAS and the U.N.
- Peaceful dispute settlement
- Nonintervention in the affairs of other countries.
US Foreign Policy Models

1. Jeffersonian:

- minimizing commitments abroad
- improving American Democracy, leading by the example
- lack of emphasis on the national security state
US Foreign Policy Models

2. Hamiltonian

- strong national government
- strong military
- realist global policy
- promoting US business at home & abroad
US Foreign Policy Models

3. Wilsonian

- Importance of global foreign policy, and United Nations
- Promotion of democracy and human rights at home & abroad
- Skepticism about policies based on narrow economic interests
US Foreign Policy Models

4. Jacksonian

Expansion of American power

Disregard of other countries sovereignty

Suspicion of international treaties and United Nations
OBAMA’S FOREIGN POLICY

- Multilateralism and dialogue
- Respect for other countries’ sovereignty
- Concern for improving US image abroad
- Promotion of democratic values
- Emphasis on domestic reform
- Mix of Jeffersonian with Wilsonian impulses?
SOME COMMON GROUNDS ON FOREIGN POLICIES

- Multilateralism, international institutions
- Respect for sovereignty: dialogue
- Climate Change
- Renewable Energy
- Regional Stability of the Continent
- Poverty reduction
- Long-term strategy for rebuilding Haiti
- Strategic Dialogue since 2005
BILATERAL RELATIONS FEATURES

- BR have cooperated with the US more on specific issues rather than developing an all-encompassing and privileged relationship.

- The US has regarded BR as a stabilizing force in the hemisphere.

- Disagreement on specific trade issues (cotton dispute, e.g.)

- BR sensitivities to US past tendencies of setting up separate relationships in L.A.
Challenges for the Bilateral Relations

- US Distraction maybe perceived as disinterest
- Reforming International Institutions
- Concluding Doha Round
- Agriculture Subsidies/intelect. property
- Annual Review of the General Preferences System
## BRAZIL – US TRADE

<table>
<thead>
<tr>
<th>ANO</th>
<th>Exports</th>
<th>Var %</th>
<th>Imports</th>
<th>Var %</th>
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## Brazilian Exports to the US

<table>
<thead>
<tr>
<th>Brazilian Exports 2008 US$ bi</th>
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<tbody>
<tr>
<td>Fuels and Mineral Oils</td>
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<tr>
<td>Manufactured iron and steel</td>
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<tr>
<td>Aircrafts</td>
<td>8.9</td>
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<tr>
<td>Machines and equipments</td>
<td>8.4</td>
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<tr>
<td>Electric appliances</td>
<td>4.6</td>
</tr>
<tr>
<td>Ships and floating equipments</td>
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<td>Vegetal coal and wood</td>
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</table>
## Brazilian Imports from US

### 2008 US$ bi

<table>
<thead>
<tr>
<th>Category</th>
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<td>Machinery and Equipments</td>
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<tr>
<td>Fuels and Mineral Oils</td>
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<tr>
<td>Organic chemicals manufactured</td>
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<tr>
<td>Electric Appliances and machinery</td>
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<tr>
<td>Plastics</td>
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<tr>
<td>Aircrafts</td>
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<tr>
<td>Optical Equipments and Appliances</td>
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<tr>
<td>Pharmaceuticals</td>
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<tr>
<td>Diverse Chemical Products</td>
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<tr>
<td>Tractors</td>
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## US Direct Investment in BR

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount US$ Bi</th>
<th>% Share of Investments in BR</th>
<th>Ranking</th>
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<tr>
<td>2001</td>
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<tr>
<td>2002</td>
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<td>20.5</td>
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</table>
List of supplying markets for a product imported by United States of America in Product: TOTAL All products

- China
- Canada
- Mexico
- Japan
- Germany
- United Kingdom
- Saudi Arabia
- Venezuela
- Republic of Korea
- France
- Nigeria
- Chinese Taipei
- Italy
- Brazil
- Ireland
- Malaysia
- Russian Federation
Developing the Institutional Framework to Enhance Investment and Trade

✦ Dialogue between Ministries of Foreign Affairs and Commerce/Industry/Trade

✦ Forum of CEO

✦ Private Sector Dialogue (BR-US Business Council, American Chamber of Commerce, Universities)

✦ Bilateral Structured Summits, led by a High Level Council (with the Presidents, Foreign Ministries, Legislators and Private Sector)
Treaties in Discussion

1. Trade and Investment Framework Agreement – TIFA

- Boosting bilateral policies
- Developing institutional improvements to foster trade and investment
2. Bilateral Tax Treaty – BTT

Goals:

1: avoiding double taxation

2: transparency and predictability in investment decisions.

3: fostering direct foreign investment and internationalization of companies
2. Bilateral Tax Treaty – BTT

Hindrances

- differences in issues: tax sparing, taxation principles, tax rates, royalties
- amount and sizes of brazilian companies operating in the U.S. is still insignificant if compared to the US companies operating in Brazil.
- asymmetry of financial flows creates an additional challenge
The Treaties in Discussion

3. Tax Information Exchange Agreement - TIEA

- Exchange of information between tax authorities
- Combat of tax evasion
- Leverage for the double taxation treaty
- Approval by the Constitutional Committee