The future of US–Brazil relations: confrontation, cooperation or detachment?

PETER HAKIM

By mid-2014, as Brazil was preparing to host the FIFA World Cup, its relations with the United States had sunk to their lowest point since civilian rule was restored nearly 30 years ago in 1985. Indeed, Brazil’s military, for much of its 24 years in power, may have enjoyed better relations with Washington than today’s democratically elected government. It was a year ago, in September 2013, that the public disclosure of the United States’ massive spying operation in Brazil triggered one of the most severe shocks ever to US–Brazilian ties. The revelation, by former US intelligence contractor Edward Snowden, was especially disturbing because the secret surveillance extended to private communications between President Dilma Rousseff and her top advisers, and to the commercial files of the country’s industrial crown jewel, its national oil company, Petrobras. Washington’s unconvinning, at first almost indifferent, responses to Brazil’s concerns made things even worse.

The Brazilian government reacted angrily. Openly displaying her irritation with the United States, President Rousseff called off a long-awaited and highly prized state visit to Washington. She subsequently took the issue to the United Nations and other international forums, denouncing the US for ‘grave violations of human rights and of civil liberties, the invasion and capture of confidential information concerning corporate activities, and disrespect to national sovereignty’, adding ‘it is an affront to the principles that should otherwise govern relations among countries’.1

Two months later, Brazil decided to purchase nearly $5 billion worth of fighter jets from Swedish manufacturer Saab, rather than from its US rival Boeing. ‘Brazil Snubs Boeing’ headlined the New York Times. It was clear from the timing that this was indeed a rebuff to Washington: in an election year, after huge public protests against government profligacy, there was no other reason for Brazil to make such a lavish spending decision—one which successive governments had deferred for years. The Brazilians, however, did turn down Snowden’s request for asylum, thereby avoiding an even more serious breach with the United States.

By itself, the Snowden affair would have been deeply damaging to US–Brazil relations. But it also compounded the impact of another severe bilateral clash, only

three years earlier, over Iran’s nuclear programme. Two major confrontations, 
directly involving the presidents of the two countries, in such a short timespan 
have left US–Brazil ties badly frayed—and do not augur well for the future, when 
things could get even more fractious.

Relations over the past year have often been portrayed as frozen or paralysed. 
During the World Cup, some ten months after the initial Snowden releases, US 
Vice-President Joe Biden met with President Rousseff. His announced goal was 
rather modest—to restore relations to normal. The Brazilians were not happy 
that the Vice-President brought no apologies or regrets for the US spying; not 
even a promise it would not happen again. The visit ended without a single public 
comment by Rousseff, while her Vice-President declined to join Biden in issuing 
an official statement. Perhaps he just picked a bad time for fence-mending. Facing 
a tough bid for re-election in just three months, the Brazilian President had a 
lot on her mind: increasingly unfavourable poll numbers, a rapidly deteriorating 
economy, continuing public protests, and a widely criticized football tournament. 
More likely, however, the disappointing outcome of the Biden visit realistically 
reflected the troubled state of the two countries’ relationship.

Relations between the two giants of the Americas have not been very construc-
tive for more than a generation. Despite their continuing rhetoric to the contrary, 
Brazil and the United States have never made much progress towards defining a 
cooperative relationship that would serve their mutual interests. Although both 
nations say they assign top priority to expanded commercial ties, for example, 
they have not negotiated a single major economic pact for nearly three decades. 
During this period, the United States has signed more than 20 free trade agree-
ments worldwide, eleven of them with Latin American governments.

For some time now, Brazil has pursued its international interests and aspirations 
by standing apart from the United States. It has regularly emphasized and 
sometimes trumpeted its differences with Washington, even when bedrock US 
interests have been at stake. In recent years, Brazil has increasingly sought to curb 
US presence and influence in Latin America, particularly in South America. For 
its part, the US often seems to consider Brazil an interloper in world affairs, a 
nation that does not quite measure up to the status and power it claims. Neither 
country today appears ready to do much to alter a relationship that, although 
mostly amiable, has been marked by limited cooperation, considerable discord and 
a few unpleasant clashes.

The central question for both the United States and Brazil is whether the two 
nations can rise above their differences and find reasons and ways to cooperate 
more effectively. What will it take to develop a fresh relationship that allows them 
to join forces to advance their interests? Can the two countries identify a few 
high-priority areas for collaboration? If they are not able to cooperate much, can 
they still maintain friendly relations and avoid harmful confrontations? Can they 
avoid sliding backwards if they cannot move forwards?

The recent past suggests that building a genuinely productive relationship will 
not be a simple task for either country. Brazil has achieved its current stature and
influence, not through cooperation, but largely by acting on its own and regularly saying no to Washington. For its part, the United States has become wary of an increasingly powerful Brazil that more often than not stands in opposition to US policies. Even when their interests and goals have been compatible, the two governments have seldom sought to align their approaches or strategies. Where they have worked together successfully, as in Haiti, it has been on issues that are not a high priority of either.

**Economic ties**

Bilateral economic interests have long been the most realistic basis for a longer-term partnership between Brazil and the United States. On this front, the two countries have a great deal to offer one another. The United States is the world’s largest, richest and most technologically advanced economy; it imports more goods and services, and invests more overseas, than any other nation. Although only about 15 per cent the size of the US economy, Brazil’s economy is the seventh largest worldwide and could rise to fourth or fifth within a generation.

Already the two countries enjoy a sizeable and expanding two-way flow of trade, investment, technology and people. Even though China has replaced the United States as Brazil’s leading economic partner, US trade with Brazil has prospered in the past decade, more than doubling since 2002, although still far short of its potential. The United States accounts for some 12 per cent of Brazilian trade (compared with China’s 15 per cent and the entire EU’s 19 per cent), but it is the largest buyer of Brazil’s manufacturing exports and the primary source of foreign capital and new technologies. With commodities accounting for the bulk of Brazilian exports to both China and Europe, the US market has been vital to Brazil’s industrial sector, which has been faltering in recent years.

Brazil plays only a small part in the US economy. In 2012, it was the United States’ eighth largest trading partner—but with only a 2 per cent share of US global transactions. That is slightly more than India, but substantially less than Mexico’s 15 per cent share. Still, Brazil, year by year, has been absorbing increasing amounts of US investments and exports. Its offshore oil discoveries could well turn it into a world-class energy exporter, potentially overtaking both Venezuela and Mexico. Brazil already serves as headquarters for a great majority of US firms doing business in South America.

For nearly eight years, from 2004 to 2011, Brazil registered an exceptional economic performance, its best in three decades. That it suffered only marginally from the 2008–2009 global economic crisis was a reflection not only of international factors (such as the surging Chinese demand for its commodities and the high prices they commanded), but also of the rising quality of the country’s macro-economic management, the strength of its financial institutions and its expanding export capacity. The number of poverty-stricken Brazilians was reduced by nearly

---

half compared with the turn of the century, and Brazil’s middle class, although emerging and vulnerable, came to outnumber its poor.

Along with many other large developing economies, Brazil has seen its growth slowing in the past two years, as exports to a cooling China and recessionary Europe have declined, and international capital flows have dipped. Brazil now faces current account deficits, inflationary pressures, a depreciating currency and a restive population. Last year, Brazilian politics were badly shaken by mass street demonstrations in more than 100 cities demanding improved public services and an end to government waste and corruption. Although polling data continue to suggest President Rousseff is likely to win a second term in this year’s presidential election, her popular support has dropped precipitiously, from a high of more than 60 per cent in early 2013 to around 30 per cent today.3

Still, the Brazilian economy, however unsteady it appears, remains capable of a stronger trajectory of growth. But critical choices, difficult even in favourable circumstances, are now confronting a government weakened by economic reversals and political protests. Brazil’s shortcomings are mostly of long standing and familiar to the nation’s leaders—a deteriorated and outmoded transport and energy infrastructure; mediocre schools and universities; badly designed, complex and time-consuming tax and regulatory systems; archaic, costly labour codes; myriad barriers to trade and investment; and an especially hard-to-navigate business environment.4

But Brazil has many strengths as well. Over the past 20 years, the country has had exceptionally effective leadership—and has shown its ability to deal with crises and near-crisis, including slow growth and recession, hyperinflation and financial traumas. While Brazil, in the past few years, has expanded protection of its manufacturing industries and tended to favour state-managed industrial strategies, neither local nor international investors worry that the market framework which has guided the economy for the past two decades will be abandoned. No one is anxious about Brazil defaulting on its loans or contracts.

Foreign investors and corporate managers everywhere are aware of Brazil’s enormous energy, mineral and agricultural resources—and its huge and growing markets, fuelled by the world’s fifth largest population and enhanced by an expanding middle class. Its political stability, absence of internal or external conflicts, and largely peaceful South American neighbourhood are also huge assets in a world beset by hostilities.

The value of deeper bilateral economic ties has not eluded political and business leaders in either Brazil or the United States. Brazil’s enthusiasm for a closer economic relationship with the United States has been dampened by the US role in the global financial crisis, and the deepening policy gridlock in Washington. But Brazilians are well aware of the size and power of the US economy and the benefits that would come from more robust commercial arrangements.

Commerce was the centrepiece of visits to Brazil by presidents Clinton and Bush; and it was also the focus of Obama’s agenda when he made his only trip to Brazil in March 2011. The President brought with him almost all of his top economic officials and some 50 chief executive officers (CEOs) from the United States’ largest corporations. His first public event in Brasilia was with 400 Brazilian CEOs (most of whom flew to Brasilia from São Paulo for a virtually unprecedented Saturday meeting). Rousseff’s subsequent visit to the United States in April 2012 also emphasized trade, business and technology. The US Chamber of Commerce hosted her only public meeting in Washington.

These visits, and many exchanges among economic officials of both countries, have produced only limited results. The two governments have largely failed to implement a widely heralded agreement, signed in 2007 by presidents Bush and Lula, to develop new markets and technologies for ethanol. Presidents Obama and Rousseff in 2011 signed an accord on trade and economic coordination that has since been largely ignored.

Formidable obstacles stand in the way of a closer economic relationship between the United States and Brazil. First, the two countries remain deeply at odds on crucial trade issues. These disagreements are not new: over the years, they have blocked progress towards bilateral trade, tax and investment treaties; they led to the failure of hemispheric trade negotiations; and have kept the United States and Brazil from cooperating in global trade talks.

US agriculture tariffs and subsidies, which limit Brazilian exports to the United States and give the US an edge in global markets, have provoked bitter disputes over decades. Two of the most contentious, over cotton and ethanol, have been settled temporarily, but the underlying issues remain unresolved. Several years ago, the WTO ruled that the United States was illegally subsidizing cotton exports. To avoid retaliatory measures, Washington has been paying an annual sum to Brazilian cotton producers—thus, bizarrely, subsidizing cotton production in both countries. US budget cuts, however, have now forced the suspension of the payments to Brazil, once again opening the dispute and leaving the United States facing retaliation.

Rising US ethanol prices have, for the time being, led the US Congress to cancel most tariffs and subsidies associated with the production and sale of this biofuel. Though it can be reversed, this was a dramatic change that would have been celebrated in Brazil a few years ago. But falling prices have reduced Brazilian production to the point where it is now importing US ethanol.

For its part, the United States has long and unsuccessfully pressed Brazil to lower its barriers (which include tariffs, quotas, state-subsidized loans and local content requirements) to imports of services and manufactured goods. These barriers have actually risen in recent years as Brazil has become increasingly worried about the longer-term health of its shrinking industrial sector.5 Brazil has largely ignored Washington’s insistent calls to improve its protection of intellectual property rights.

---

In the past few years, Brazil and the United States have repeatedly criticized each other’s response to the global economic downturn. The United States has objected to Brazil’s increasing protectionism, while Brazil, in turn, has criticized the US Federal Reserve’s low-interest, expansionary monetary policy (‘quantitative easing’), which has kept the value of the dollar low, favouring US exports and dampening imports. Brazil has argued that the Fed’s policy is, in essence, a protectionist measure comparable to China’s undervalued currency. This complaint may be valid, if overstated, but Brazil may also be seeking to justify its own trade barriers. This year, Brazil shifted its position, expressing concern about the Fed’s plans to gradually end its monetary expansion, which could trim capital flows to Brazil and other emerging markets. Whether defensible or not, the trade policies of both countries represent huge obstacles in the way of any trade or economic accord between the United States and Brazil. And in both nations, they have been kept in place by powerful political and economic interests.

However, no matter how complex and immovable they seem to be, specific issues and policies may not be the main stumbling blocks to enhanced US–Brazilian economic relations. A bigger problem may be that neither the United States nor Brazil is yet fully convinced of the value of a stronger partnership, or has sufficient trust in the other to pursue one. Prior to their free trade talks in the early 1990s, the United States and Mexico were further apart on the key issues than the United States and Brazil are today. The success of the North American Free Trade Agreement (NAFTA) negotiations reflected the intense commitment of Washington and Mexico to reaching an accord. Both governments instructed their negotiators to keep the talks going until an agreement was ready to be signed. The United States and Brazil have never been that deeply committed. Neither country sees a special economic arrangement with the other as an urgent imperative. Brazil has so far been largely content to pursue its own independent trade and international economic strategy. It values its broadly diversified economic ties to China, the European Union, the United States and the rest of Latin America—a trade pattern that contrasts markedly with that of Mexico, which sends three-quarters of its exports to US markets.

Still, if Brazil’s current economic slump continues for the next year or more, it may lead the government to consider a change in approach. It should be plain to the Brazilian authorities that their only existing trade alliance, Mercosur, is dysfunctional and possibly beyond repair. Brazil’s two largest Mercosur partners—Argentina and Venezuela—have deeply troubled economies, suffering from the highest inflation rates in the region (and among the highest in the world), badly misaligned currencies and shrinking reserves. In addition to a growing economic crisis, Venezuela is suffering deep and unpredictable political turmoil. Brazil also knows that other Latin American nations (particularly Peru, Chile, Colombia, Panama, Costa Rica and Mexico) are viewed by international investors and multilateral financial institutions as more dynamic and with brighter economic futures than either Brazil or the Mercosur group.

---

6 Conversation with former Mexican trade official, Aug. 2006.
Moreover, the United States has opened negotiations for two new free trade pacts, one with the EU and the other with a group of strongly market-oriented Asian and Latin American nations. Brazilian officials are keenly aware that, if these negotiations succeed, their country’s international competitiveness is likely to diminish further, and its industries lose ground. This changing regional and global picture, combined with Brazil’s own economic setbacks, may lead it to reassess its international trade policies and assign greater value to commercial ties with the United States and the better-performing Latin American nations. Indeed, this may already be happening. Regardless of the unease of some of its Mercosur partners, Brazil has made clear its interest in a trade accord with Europe—which, although it is too early to say, could be a prelude to negotiations with the United States.\footnote{De Castro Neves, ‘Brazil’s slow and uncertain shift’, pp. 5–7.}

Similarly, the United States may, before too long, be in a better position to satisfy some of Brazil’s most insistent demands. A US–EU trade agreement could begin to scale back the agricultural protectionism that is now so noxious to Brazil. In addition, changing demographics and economic patterns may be eroding the political underpinnings of US agricultural subsidies and other barriers, and could thus ease negotiations with Brazil.

Yet even if major disagreements were largely resolved in the coming years, Brazil, like many other large developing countries, will remain cautious about rapidly opening its economy to the United States (or other major economic powers such as the EU, China and Japan). Despite Brazil’s enormous potential and some real successes, many policy officials and business leaders lack confidence in their country’s ability to compete head to head with the world’s leading economies. Some remain wary, even distrustful, of the United States and other economic giants, fearing that their superior market power and technology put Brazil at a considerable disadvantage.

Regional cooperation

In the past dozen years, Brazil has emerged as an independent pole of power in Latin America, with the capacity and readiness to challenge the United States on many issues. The United States can no longer pursue its agenda in the hemisphere without Brazil’s support, or at the very least its tolerance and indulgence.

Brazil is particularly influential in South America, but does not yet routinely assume regional leadership on the continent. Often it stands aside, allowing events to take their course. When it does take the initiative, Brazil cannot always count on others to accept its authority or follow its lead. Other nations have made clear their view that Brazil should not be considered the region’s representative to the international community.

Brazil itself has been vague about its aims in South America. It has not said whether its goal is a strong, European- or NAFTA-style integration scheme or a looser form of regional coordination. Nevertheless, its leadership is sought in many instances, in part because it is the continent’s economic and political heavyweight,
and enjoys considerable global reach. Perhaps even more important, Brazil has over the years demonstrated moderation, a mostly pragmatic style, and a remarkable ability, which no other country comes close to matching, to bridge the region’s ideological divisions. Brazil is the only South American nation that is today on good terms with all of the continent’s eleven other countries, including nine on its borders.

While the United States retains strong commercial and financial relationships with nearly every nation in Latin America, it no longer exercises a forceful, let alone dominant, influence on economic or political matters in the region. Latin America has become more independent and assertive, and has diversified its international relations. Washington’s capacity to shape the region’s agenda or affect specific decisions has eroded—and its interest in an intensive engagement with Latin America seems also to have faded. The United States has backed away from involvement in the resolution of conflicts and crises in the region, tasks that have increasingly been taken on by the Latin Americans themselves, sometimes led by Brazil, often making use of new regional and subregional institutions in which neither the United States nor Canada participates.8

The United States and Brazil have not collaborated much in Latin America, whether on economic, political or security matters. Many of the same disagreements that have frustrated closer US–Brazilian bilateral economic relations have made it difficult for the two countries to work together on regional issues.

Brazil has long been cautious about inter-American initiatives devised or led by Washington. Although Brazilian President Itamar Franco (accompanied by then President-elect Fernando Henrique Cardoso), along with every other head of state at the 1994 Summit of the Americas in Miami, endorsed negotiations to establish a hemisphere-wide free trade area, the Brazilian delegation had little enthusiasm for pursuing an accord. It announced that its regional economic strategy would stay focused on Mercosur.9 At the 2001 Summit of the Americas in Quebec, President Cardoso bluntly expressed his country’s misgivings about the Free Trade Area of the Americas (FTAA) negotiations, and set out stiff conditions for signing an agreement. Four years later at the summit in Argentina, the new Brazilian President, Luiz Inácio Lula da Silva, led a group of five countries (the Mercosur membership plus Venezuela) in blocking further hemisphere-wide negotiations.

With the path towards hemispheric free trade effectively barred, the Bush administration invented the policy of ‘competitive liberalization’—which called for the United States to establish a series of bilateral free trade pacts with willing partners. As a result, Latin America today is essentially divided into two separate economic blocs (each with approximately the same size GDP): eleven Latin American nations have reached trade agreements with the United States, while seven others are members or likely soon to be members of Mercosur. Neither Brazil nor its partners in Mercosur (aside from Uruguay) have yet shown any

9 Celso Amorim, Breves narrativas diplomáticas (São Paulo: Benvirá, 1 Jan. 2013), ch. 2.
interest in negotiating, individually or collectively, a trade arrangement with Washington.

US–Brazilian discord in regional affairs has not been restricted to issues of economic integration. Although the two countries have long professed a shared commitment to democracy and human rights, they have never agreed on how to approach these matters. The Inter-American Democratic Charter, unanimously approved in 2001 by the hemisphere’s elected governments, called for the nations of the Americas to act collectively to protect democratic governments and the rule of law. Brazil and the United States, however, have rarely found enough common ground to cooperate in advancing such goals. Time and again, they have been at odds on how to interpret and implement the Charter’s mandate.

Resolution of the Honduran political impasse following a military coup in 2009, for example, was delayed for almost a year, in good measure by US–Brazilian disagreements. The two nations also disagreed on how to judge and sanction Paraguay after the legislature, with unseemly haste, ousted President Lugo in 2012. They remain at loggerheads over authoritarian Cuba’s participation in hemispheric affairs, and have never succeeded in finding even minimal accord on how to help that nation advance towards a democratic future. Similarly, they have long been divided on what to do about violations of democratic practice by elected leaders in Venezuela, Nicaragua, Ecuador and Bolivia. In recent months, the United States and Brazil (along with most other Latin American nations) have taken contrasting positions on how regional institutions and actors should deal with Venezuela’s deepening political turmoil, persistent violence and economic deterioration.

Security issues have also provoked more contention than cooperation between Brazil and the United States. Long averse to involving itself in the political or security affairs of neighbouring countries, Brazil never offered much help to Colombia in its half-century of battles against drug cartels, guerrillas and paramilitary forces. From the outset, Brazil was uneasy about US military support for the beleaguered country through Plan Colombia. As US assistance was winding down in 2009, Brazil vehemently opposed and ultimately blocked plans to allow US troops continued access to Colombian bases. It also effectively prevented Colombia from exploring an association with NATO. Widely praised for the success of the UN’s peacekeeping mission in Haiti since 2004, the Brazilian government is quick to point out that the mission is a fully authorized UN action, not an intervention or a regional initiative.

Brazil and the United States have divergent, often conflicting, views of the Organization of American States (OAS) and its Human Rights Commission, as well as the Summit of the Americas, which assembles the hemisphere’s leaders every three to four years. Even though it has not always adequately supported these institutions, and at times has largely ignored them, Washington has generally regarded them as the core political institutions of inter-American affairs. Brazilian officials have been more sceptical about their value. In recent years, they have consistently expressed doubts about the continuing relevance of the OAS and the
summits—and, indeed, regularly question the very notion of a broad regional or hemispheric approach to relations in the Americas. Following a dispute with the Human Rights Commission in 2011, Brazil withdrew its ambassador from the OAS for three years. Even so, in 2013, in a display of both principle and pragmatism, Brazil competed for and won a seat on the Commission’s governing board. It has also helped to defeat initiatives by several Latin American nations to weaken the Commission. Overall, however, Brazilian policies over the past decade have diminished the role of the OAS and led to a shift of its political and diplomatic functions to exclusively Latin American institutions—thereby also reducing US influence in regional affairs.

In 2000, President Cardoso assembled the first meeting ever of South American presidents. Four years later, President Lula led the formal establishment of the South American Community of States, which subsequently, in 2008, became the Union of South American Nations (UNASUR). UNASUR has since become increasingly institutionalized and gained credibility and authority. Brazil also had a central role in establishing CELAC (the Community of Latin American and Caribbean states), a more recently established hemispheric grouping, founded in 2010, that incorporates Cuba while excluding the United States and Canada.

In the last four years, UNASUR has dealt with a number of difficult conflicts, both within and between countries. While the United States (and the OAS) remained largely on the sidelines, UNASUR helped resolve a government crisis in Bolivia, largely managed (although some argue badly) the international response to Paraguay in the aftermath of the questionable removal of President Lugo, and helped resolve threatened conflicts between Colombia and two of its neighbours, Venezuela and Ecuador. Now UNASUR has taken on a mediation effort to peacefully end Venezuela’s current political violence.

The United States has not opposed or criticized the formation of either UNASUR or CELAC. Nor has it objected to the new roles these regional institutions are assuming. On the contrary, the United States has effectively acknowledged its own limitations by openly deferring to UNASUR in the latter’s efforts to respond to conflict situations in South America. Nevertheless, some disquiet has emerged in Washington that the new, Brazilian-led institutions may continue to sideline the OAS and other established regional organizations—and perhaps even pursue an increasingly anti-US course. It was not reassuring to US officials that the members of CELAC selected Havana as the site of their meeting in January 2014, and elected Raul Castro as president for the first six months of the year.

Despite their persistent, often acute disagreements, the United States and Brazil should not yet be regarded as antagonists or adversaries, either in their hemisphere or globally. The two countries have maintained cordial ties over the years. US presidents and other senior officials are welcomed in Brazil, and Brazilian leaders are warmly received in Washington. It was Brazil that prompted the OAS resolution declaring the 2001 Al-Qaeda attack on the United States an attack on every country in the hemisphere—by invoking, for the first time ever, the 1947 Rio Treaty.

10 Conversations with Brazilian officials from 2008 to 2014 in Washington and Brasilia.
The future of US–Brazil relations

It is notable, too, how consistently the two governments have found ways to accommodate their differing views and defuse tensions. For instance, only months after Brazil campaigned against a US–Colombia security pact, it signed its own, albeit limited, military accord with the United States. Only days after Brazil derailed a determined US effort, led by President Bush, to restart hemispheric trade negotiations at the Argentina summit in 2005, President Lula hosted a barbecue for the US President in Brasilia. It may be possible for the two countries to continue this pattern of discord and accommodation long into the future, but no one can be sure. In the coming period, conflict could become more common, and reconciliation more difficult.

The global arena

Brazil's importance in global affairs increased to an impressive degree in the past decade. Indeed, for the first time ever, Brazil's long-held aspiration to hold a permanent seat on the UN Security Council began to appear within reach.

Even a dozen years ago, Brazil was viewed as an insular nation, with a shaky, crisis-prone economy and erratic politics. The South American giant was barely visible in international affairs before 2001, when farsighted Goldman Sachs executive Jim O’Neill coined the term BRIC and identified Brazil, Russia, India and China as the world’s four most influential and potentially powerful developing nations. It was in 2003 that Brazil was first invited to a meeting of the G8 group of the world’s leading economic powers. Today Brazil is routinely asked to participate in virtually every important gathering of international leaders. To be sure, Brazil does not have the clout of the world’s richest or militarily strongest countries; nor does it have the geopolitical significance of more strategically located countries in the Middle East or Asia. But it has become a prominent actor on a host of global issues.

Just as it did at the regional level, Brazil first demonstrated its international heft on trade and other economic issues. At the Doha round of global trade negotiations, launched in late 2001, Brazil was acknowledged as the key leader of the newly influential G20 group of developing nations. Although agreement was never reached, Brazil at times appeared close to bridging critical differences between the G20 and the world’s industrial powers, including the United States. Brazilian influence was also visible when critical global financial discussions were shifted from the G8 group of economic powerhouses to a second G20 group (not to be confused with the trade G20), which includes the most important economies in Africa, Asia and Latin America, as well as all G8 members.

Brazil has a lower profile in international political and security affairs. Despite its considerable quantities of soft power, Brazil is constrained by its limited military capacity, its modest financial resources, and its distance from and scant influence in the Middle East and other centres of conflict. Brazil’s boldest attempt to date to engage with a high-visibility issue of international politics ended in a

---

tense confrontation with the United States. Brazil’s oversized global ambitions were displayed in Tehran on 18 May 2010, when President Lula and his Turkish counterpart triumphantly announced that they had persuaded Iran to move some of its uranium enrichment activities overseas (an objective the United States itself had been pursuing only a few months earlier, and which President Obama had suggested that Brazil might be helpful in attaining). But within hours of Lula’s statement, Secretary of State Hillary Clinton went on US television to express Washington’s outrage. Secretary Clinton condemned Brazil for meddling in a situation that it did not fully understand and putting at risk a fragile, hard-to-obtain international consensus to impose new sanctions on Iran. Secretary Clinton, however, may have been unreasonably dismissive of the Brazilian negotiating initiative. According to several highly regarded former US diplomats, the Brazilian–Turkish effort produced what Washington should have recognized as a potentially useful outcome. Regardless of who was right, the United States or Brazil, bilateral relations were badly strained, and had not recovered when the US–Brazilian dispute over the Snowden spying revelations arose.

The Tehran incident aggravated the United States’ long-standing dispute with Brazil over the latter’s dealings with Iran and, especially, its support for Iran’s nuclear programme. Ironically, nuclear non-proliferation is an issue in which the United States and Brazil have considerable shared interests that could offset their differences and allow for productive collaboration. Brazil today is one of the three most important non-nuclear powers in the world, alongside Japan and Germany. If it were willing to take up a leadership role on the issue, it could exert considerable leverage, particularly on other developing countries.

Brazil took its time to ratify the UN Non-Proliferation Treaty (NPT)—30 years from when the treaty was first opened for signature back in 1968. It had, however, committed itself to doing without nuclear arms far earlier: through the Latin America-wide Tlatelolco treaty of 1968, its own constitution in 1988, and a bilateral pact with Argentina in 1991. At present, the United States is confident that Brazil has no intention of developing atomic weapons, but there is some concern about how its position on nuclear armaments might evolve over time. Its nuclear programme enjoys wide public support, and the country’s ambitions may rise as it moves up the technological ladder. Brazil today is the only BRIC country without a nuclear arms capability. If it were to become a permanent member of the UN Security Council it would be the only one without a nuclear arsenal. Brazilians, like everyone else, are aware that nuclear weapons are a sign of prestige, power and technical prowess.

Brazil has an advanced, continuing programme of uranium processing, at present mainly directed to civilian objectives, but also to producing more highly enriched fuel for one or two nuclear submarines. Brazil has so far refused to sign the NPT’s additional protocol allowing for more intrusive inspections of its nuclear facilities. The rejection of the protocol and Brazil’s continuing opposition to UN sanctions

The future of US–Brazil relations

on Iran are justifiably viewed by Washington as weakening an already faltering global non-proliferation regime—and are occasionally a source of friction.

Brazil, however, is always quick to assert that it is fully compliant with all its current NPT obligations and that there is no basis for suspicion that it might violate the treaty. The Brazilian government further contends that, by retaining huge stockpiles of atomic weapons, the United States and Russia are, in fact, the principal and most dangerous violators of the NPT. Brazil argues that the United States and Russia should substantially curtail their stockpiles, as the NPT requires, before demanding more restrictions on Brazil and other non-nuclear powers.13

But again, regardless of which of the two nations has a stronger case, non-proliferation today is an area of contention between the United States and Brazil, not of common purpose. And so far, there is no sign that either country is ready to change course. At the same time, few other areas, outside trade and economic relations, are of greater shared interest or offer more promising opportunities for cooperation. It is hard to be specific about the details of any bilateral US–Brazilian agreement on nuclear issues. Brazil, however, would certainly need to assume a more active and visible stance in support of the NPT—especially by agreeing to the treaty’s additional protocol and curtailing its support for Iran’s nuclear programme.

Brazil might be willing to consider these steps if the United States were willing to offer it an agreement similar to one it negotiated with India several years ago, including the development of a cooperative programme on nuclear technology. It would also help if the United States endorsed Brazil’s efforts to secure a seat on the UN Security Council. There is a compelling case for Washington to treat Brazil more like India—for the United States to drop its ambivalence over Brazil’s diplomatic ambitions and acknowledge, more than half-heartedly, its emergence as a powerful country (see addendum on US–India relations). US support for the UN seat surely makes sense—since it is almost inevitable that, sooner or later, it will happen. By acting now, Washington will gain some political and diplomatic dividends, rather than allowing the issue to remain an irritant in the bilateral relationship.

Climate change and energy use might be another promising area for collaboration. Worldwide efforts to deal with these challenges will be crucially affected by how Brazil and its neighbours manage the enormous undeveloped territories of the Amazon basin. Brazil will make a mark on the global environment by how it exploits its huge untapped petroleum reserves, and whether it is able to maintain one of the world’s greenest energy matrices. For its part, the United States, with its mammoth economy, will be one of the world’s largest producers and consumers of energy and a primary source of greenhouse gases for years to come.

The starting point for US–Brazil cooperation on issues related to climate change, however, has to be the development of national frameworks setting out the principles and priorities that will guide investments and policies in each country. Unfortunately, neither Brazil nor the United States is yet close to designing an

energy or climate strategy that could gain wide national approval. Today, Washington’s polarized politics hardly allow for even a serious discussion of the issues involved.

**Differing perspectives on regional and global cooperation**

Substantive policy disagreements only partly explain the limited extent of US–Brazilian cooperation. Differing perspectives on how the two nations should be cooperating present another set of obstacles.

Despite Brazil’s growing international prominence, the United States views the nation principally as a regional actor, and looks mainly for its cooperation on inter-American issues. Brazil, in contrast, has consistently demonstrated little interest in building cooperation or partnership with the United States in Latin America. For Brazil, regional collaboration and solidarity mean working with other Latin American nations—not the United States. Brazil has rarely sought or welcomed US political or security involvement in Latin America, especially not in South America, where it considers itself the natural leader and usually wants Washington to keep its distance. Brazilian resistance to the FTAA, for instance, reflected the government’s deep concern that the result would be a US-dominated trade and economic bloc. Its efforts to develop new regional institutions with exclusively Latin American and Caribbean participants are aimed at limiting US political involvement in the region. To be sure, the two countries do collaborate on occasion. In 2012, for example, Brazil sought US support to help curb an increasing flow of cocaine from Bolivia. But Brazil has left no doubt that it wants a leading role in fashioning hemispheric agreements and its determination to oppose US efforts to design, dominate or, at times, even participate in regional economic or political arrangements.

The US is no more enthusiastic about Brazil assuming a global role than Brazil is about an active US engagement in the region. Differences with Brazil over some of the world’s most dangerous political and security challenges—including the Israel–Palestine eruption, the Ukraine–Russia standoff, the war in Syria, nuclear negotiations with Iran and nuclear weaponry generally—have left the United States uneasy about Brazil’s engagement in international affairs and questioning the country’s approach to foreign policy.14

**Continuity vs change**

The election of union leader Lula da Silva in 2002 to replace the centrist President Cardoso was a cause of some concern in Washington. Questions were raised about whether Lula was likely to pursue an anti-US foreign policy, seek alignment with Venezuela and Cuba, and shift to a more populist approach to economic management.15 As it turned out, political ideology had a relatively modest effect on Lula’s

---

approach to the economy and foreign affairs. The transition was mostly a story of continuity, not change. During his eight years in office, Lula maintained the broad policy directions put in place by Cardoso. What alterations did take place were mainly the result of Lula’s ebullient personality and style, Brazil’s rising global stature and aspirations, and its adjustments to the many changes in world affairs.

One respected former ambassador to the United States, Roberto Abdenur, contended that a systematic anti-American bias permeated Lula’s foreign policy team (a charge, interestingly, that had often been levied against Brazil’s diplomatic corps generally). Whether this was true or not, Brazil’s relationship with the United States was not dramatically affected, at least for most of Lula’s term. In an open forum in 2006, three years after Lula’s election, the President’s chief foreign policy adviser, Marco Aurelio Garcia, declared that US–Brazil ties were better than they had ever been under Cardoso. The fact is that they were not very different. Although Cardoso and Lula started from different backgrounds and governed with sharply disparate styles, the two presidents pursued a broadly similar foreign policy agenda (as well as similar economic and social goals) during their combined 16-year period in office from 1995 to 2010. They both operated on the view that Brazil is a continental power that, by dint of its size and population, should participate in framing the global agenda and shaping international institutional arrangements. Celso Lafer, who served as foreign minister and held other cabinet posts in the Cardoso government, offered a particularly compelling case that Brazil was a country destined to assume a central role in world affairs.16

Towards the end of his term, however, Lula’s relentless flamboyance and his dedication to ‘rainbow diplomacy’ (that is, building goodwill with countries of every conceivable political stripe) imposed an increasing strain on US–Brazil relations. Lula’s nuclear negotiations with Iran, as discussed above, left a particularly bitter taste, and made clear how vexing Brazil’s close ties with Iran were for both the Bush and Obama administrations. The friendly meetings of Lula and Ahmadinejad, Brazil’s support at the UN for Iran’s nuclear programme, and its failure to take seriously Iran’s human rights abuses were all persistent irritants. And there were others, including the Brazilian government’s easy relationships with authoritarian governments worldwide and lack of concern about violations of democratic norms and rights abuses in Latin America. Still, by the end of Lula’s eight years in office, Washington had come to recognize that the former union leader had not sought to advance an ideologically charged agenda in Brazil.

Only a few highly conservative US commentators expressed concern when Lula’s hand-picked candidate, Dilma Rousseff, a former urban guerrilla, was elected president in November 2010. The Washington Post’s extensive interview with the new President, just prior to her inauguration, reassured most US officials that she offered the prospect of a more reserved, conventional approach to regional and international affairs.

---

Most Brazilian officials and analysts tend to emphasize the continuity in foreign policy from Lula to Rousseff. They maintain that the differences have been mostly modest alterations, reflecting the evolving world context, a slowing economy, and the new President’s shift of emphasis to domestic matters—not new ideological or policy approaches. But whatever the motivation, Rousseff has lowered Brazil’s international profile. Focusing mainly on problems at home, she has travelled overseas far less than her predecessor and given far more limited attention to international and regional issues. The result, during her first two and a half years in office, was a noticeable easing of tension in US–Brazil relations. From Washington’s standpoint, the ending of Brazil’s once close embrace of Iran was the chief development. Rousseff declined to meet with President Ahmadinejad when they were both in Rio de Janeiro for the 2012 UN environmental conference, and he decided to bypass Brazil on two earlier visits to Latin America during her presidency. Rousseff has shown no interest in travelling to Tehran, and has occasionally criticized Iran’s human rights violations. Even so, Brazil maintains an active commercial relationship with Iran and continues to oppose, although without fanfare, UN sanctions on the country, while the United States considers them essential to keep nuclear weapons out of Iran’s hands.

Overall, US diplomats were more comfortable with Rousseff than with her predecessor. The prospects for a more constructive relationship were rising and the risks of confrontation fading—that is, until the Snowden revelations about US spying on Brazil became public in August and September 2013, just as Rousseff was preparing for her state visit to Washington.

Presidential visits rarely accomplish much in themselves. At best they can be a moment for announcing the results of decisions and agreements that have taken months, even years to develop. But a meeting of presidents can be a revealing window on the state of bilateral relations.

President Obama travelled just once to Brazil, in March 2011, three months after Rousseff assumed office. As anticipated, he was enthusiastically received by the Brazilian people and favourably impressed most officials and business leaders he met. No evident progress was reported on any high-priority issues affecting US–Brazil relations, however. Nor did commercial ties receive much of a boost, even though the White House had billed the US President’s trip largely as a quest for expanded trade and investment opportunities. Brazilians, in turn, were most disappointed by Obama’s failure to endorse Brazil’s claim to a permanent seat on the UN Security Council—as he had done for India on a visit to New Delhi.

For her part, Rousseff has travelled twice to Washington, once as president-elect in 2010 and then as head of state in April 2012. Both trips were low-profile affairs which attracted comparatively little attention. On her presidential trip she spent only one day in Washington, where she made a single public appearance. By visiting two premier US universities, Harvard and MIT, she highlighted increased cooperation to develop Brazil’s capacity for scientific and technological innovation—an important priority, but hardly central to the bilateral relationship. The

Brazilian President’s visit was unfavourably compared to the more elaborate reception accorded to India’s Prime Minister six months earlier. Among diplomats and political commentators, the difference was viewed as emblematic of the relative standing of the two countries in Washington.

Although President Rousseff’s trip left no visible footprint on the bilateral relationship, shortly thereafter the White House extended an invitation for a full state visit to the US capital, which was scheduled for October 2014. The Brazilian government welcomed the invitation, which had been extended to only seven other countries during Obama’s tenure in the White House—all major world powers or close allies and partners of the United States (China, India, Great Britain, France, Israel, Canada and Mexico). For Brazilians, it was a strong, visible expression of the global stature of their nation. In Washington, it was viewed as a serious effort to publicly acknowledge the importance of Brazil and potentially reset the course of the United States’ awkward and troubled bilateral relationship with the country. But it soon became clear that not much was going to get done, irrespective of the grand trappings of a state visit that were to attend her arrival on this occasion. As with other summits between the presidents of Brazil and the United States in the past two decades, no proposals or initiatives had been prepared that would help to resolve the multiple disagreements between the two countries or lead to increased cooperation on critical regional and international matters. According to Rubens Barbosa, a former Brazilian ambassador to Washington and now a regular commentator on his country’s foreign policy, the agenda was just not ‘presidential’.18

Then came the cancellation of the visit, and its aftermath, marked by Rousseff’s determined international campaign against US spying, Brazil’s decision to purchase the Swedish jet fighters, and the lack of a serious US response to the Brazilian government’s concerns about US surveillance activities: events that, according to diplomats from both countries, largely immobilized official US–Brazilian relations.

What comes next?

Neither the United States nor Brazil can easily overcome the mistrust that has built up in recent years, or change its habitual ways of dealing with the other. Developments in just the past year carry a warning that relations could deteriorate further before they get better. The two countries are not (and were not before the Snowden affair) cooperating any more than they were a decade or two ago—and their differences have become more substantial and extended to a wider range of issues. The agreements they have reached mostly seem to be of limited importance or peripheral to the core issues facing the relationship. On most fronts, relations seem to be drifting, propelled largely by inertia, without much direction or decision. Neither country has been especially strategic in its approach to the other.

Their different attitudes to the Snowden revelations powerfully illustrate the distance that Brazil and the United States will have to travel to find common

---

ground. The White House and State Department considered Brazil’s reactions overwrought and exaggerated. In their view, Brazil should have kept its anger and resentment in check, and understand and accept that US security requires extensive worldwide surveillance. Brazilians should also, according to American diplomats, recognize that the United States intends no harm to their country. Moreover, if Brazil has complaints, it ought to deal with them bilaterally, out of the public eye. In Washington, the cancellation of President Rousseff’s state visit was seen as a petulant response that would be far more costly to Brazil than to the United States.

The Brazilian government interpreted events differently. From Brasilia’s perspective, the United States was caught red-handed in an unfriendly act that blatantly violated Brazil’s trust and sovereignty. It was purposefully employing its economic and technological superiority to gain improper advantage over Brazil and other nations. In this view, Brazil’s anger was justified and deserved a more thorough response from Washington. Brazil has not received the apology it sought, or any assurances that the country would not be subjected to similarly invasive US surveillance again.

The Snowden affair has badly strained US–Brazilian ties, which could take some time to recover. No one can be certain that the success of the two countries hitherto in accommodating their disagreements, settling disputes and avoiding overt conflict will continue into the future. It is surely not a good sign that, in less than three years, two serious clashes have taken place—over Iran in 2010 and over US espionage operations in 2013—both involving the heads of state of the two countries.

The US–Brazilian discord over Iran should not be downplayed. It continues to cause damage. The spying disclosures have not only compounded the damage, but have also closed off the two potential opportunities to set the relationship on a more cooperative, less contentious course. President Rousseff’s state visit to Washington might not have moved Brazil and the United States any closer towards cooperation or partnership, but its symbolic value could have helped to replenish their depleted reserves of goodwill—and that would have been ample justification for the visit. Moreover, a well-managed visit would, in substantial measure, have demonstrated Brazil’s regional and global significance to US foreign policy, clearly an outcome most Brazilians desired. A decision by Brazil to buy the Boeing fighters might have had an even bigger impact. It would have erased many doubts about Brazil’s interest in deeper economic and security arrangements with the United States, and might well have opened the way for new technological and military cooperation. Nothing on the horizon comes close to offering the opportunities for resetting relations presented by the state visit and the Boeing sale.

Formally, the state visit was only ‘postponed’, not cancelled, so it should be possible to reschedule; but neither the United States nor Brazil has yet shown much interest in doing this. Both governments are probably aware that a presidential summit is pointless until the underlying tensions are substantially moderated and there is reasonable assurance that something concrete can be accomplished.

It would be a good start for both governments to acknowledge that their relationship is fragile and troubled, and take steps to avoid its getting worse.
The future of US–Brazil relations

For instance, they should recognize that the Venezuelan crisis could potentially lead to another severe clash—and manage their diplomacy accordingly. For the time being, Brazil and the United States have to be more careful with each other. They need to keep lines of communication open, stem further deterioration in their relations and avert new confrontations. Grander ambitions involving new partnerships or strategic alliances, which have often infused the rhetoric of both countries, should be saved for another day.

Addendum

US–India relations: a model for Brazil and the United States

The United States and India have developed a strategic relationship that largely deals with security and geopolitical challenges, but has important economic consequences as well. Despite severe political and bureaucratic obstacles—no less difficult than those facing the United States and Brazil—New Delhi and Washington were able to make the concessions and accept the trade-offs needed to reach agreement on several contentious issues.

Some 15 years ago, the United States and India concluded that closer, more cooperative relations, particularly focused on security issues, would serve the vital interests of both countries. That decision followed a long period of frosty, sometimes adversarial, relations between the two nations. Recall that during the Cold War, India sided far more often with Moscow than with Washington—and that, for much of the 1990s, India and the United States squabbled over nuclear proliferation issues. An angry Clinton administration imposed harsh sanctions on India when it detonated an atomic weapon in 1998.

The turnaround in US–India ties was not as quick or thoroughgoing as either nation wanted, but a substantial transformation has occurred. The two countries signed a mutual defense treaty, largely directed at China, and the United States is now the largest supplier of military equipment to India. Washington has fully accepted the nation’s status as a nuclear power, acknowledges its right to enrich uranium to weapons-grade level, and provides advanced technology to India’s civilian nuclear programme. An exchange of state visits in the past two years is evidence of the status the two nations assign to their bilateral relationship.

Can US–India relations serve as a model for similarly transforming US–Brazilian ties? The main obstacle in the latter case is not that Brazil and the United States disagree on too many critical issues. Nor is it the evident mistrust between the two countries. US differences with India are greater than those with Brazil on a range of global issues. Mutual trust has not been a prominent feature in US–Indian relations. What has brought India and the United States together is a powerful set of common interests and purposes that both regard as urgent first-order priorities. Brazil and the United States share no such potent commonality of interests or purposes.

By the start of the new millennium, India’s long border with China was probably incentive enough for heightened Indian–US security cooperation. But
another reason for closer relations between Washington and New Delhi has been the continuing instability in neighbouring and nuclear-armed Pakistan, which today is in considerable danger of becoming a failed state that cannot control its territory, its army or its population. The constant threat of open warfare hangs over Pakistan and India.

The United States may share only a small number of mutual interests with India, but they are urgent and unambiguous. Three successive US presidents—Clinton, Bush and Obama—have assigned the highest priority to their country’s relations with India. In the past year alone, the central focus of US military strategy has been shifted to Asia, with India, according to Secretary of Defense Leon Panetta, the ‘linchpin of that strategy’. Brazil lives in a very different environment, surrounded by friendly, mostly democratic, neighbours. Although criminal violence has become a massive problem for Latin America, the nations of the region are at peace with one another. Their armies are small, mostly with limited budgets. None of them has a nuclear weapon or is likely to acquire one any time soon. The dangers of armed conflict are among the lowest anywhere in the world. Neither Brazil nor the United States confronts any urgent threats or crises in the region. No one is fighting over territory, religion, race or ideology. Security will not be a strong motivation for US–Brazilian cooperation, nor are there any other vital issues on the bilateral agenda. There may be good reasons for Brazil and the United States to pursue a closer relationship, but they are very different from those that motivated the India–US partnership.