

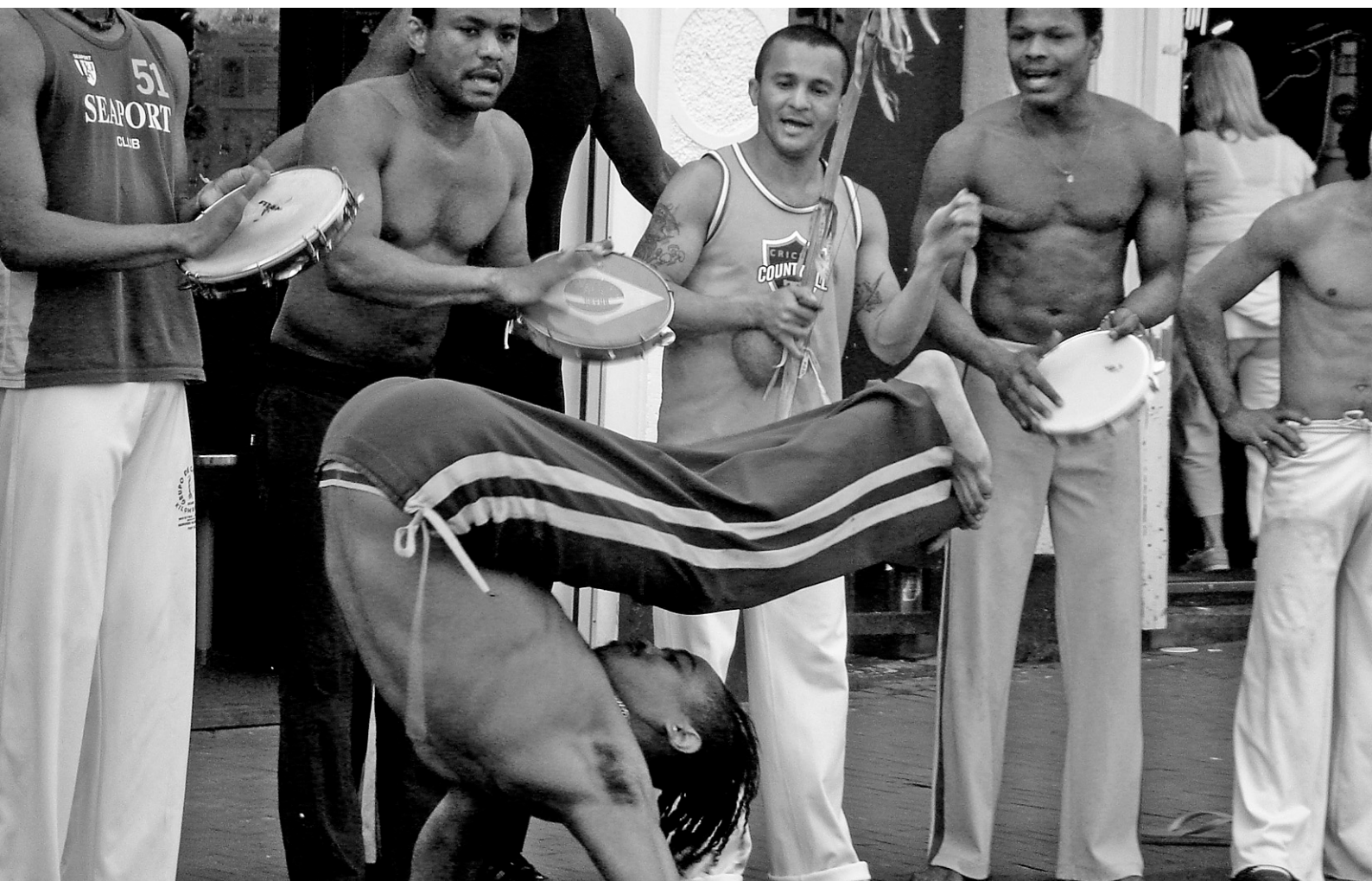
# ASSERTIVE BRAZIL

82

## AN EMERGING POWER AND ITS IMPLICATIONS

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# ASSERTIVE BRAZIL

## AN EMERGING POWER AND ITS IMPLICATIONS



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- Brazil is in the process of asserting itself on the international stage, as reflected in a bolder and more activist foreign policy, characterized by a greater willingness to challenge the status quo, curb US hegemony in South America and press for the reform of global governance institutions.
- Brazil has sought to form a regional power bloc in South America under its leadership, but faces resistance from some of its neighbours. If the country is to succeed, it will have to bear a larger share of the costs of regional integration and become more willing to accept regional institutions that restrict its autonomy.
- Forging “south-south” alliances with the BRICs and the broader developing world has helped Brazil gain international clout irrespective of whether South American integration proceeds or not.
- Relations with the US are tense, but set for improvement under new president Dilma Rousseff. The US has much to gain from a closer relationship, but will have to engage with Brazil on more equal terms.
- The EU has rushed to establish a Strategic Partnership with Brazil, but for both parties its value is questionable. Instead, when it comes to the EU’s Latin America strategy, reviving inter-regional cooperation should be a priority.
- Ultimately, given that Brazil’s main foreign policy goal is its bid for a permanent seat on a reformed UN Security Council, both the EU and the US possess a valuable bargaining chip that can be used to encourage Brazil to take on a responsible role in global affairs.

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The smiling leaders of Russia, Brazil, China and India at the second BRIC summit in Brazil in April 2010.

Brazil has actively sought to strengthen ties among the BRIC countries. Photo: José Cruz / Agência Brasil.

Brazil has risen to international prominence over the last decade. Now the 7<sup>th</sup> largest economy in the world, the country has started acting with greater confidence and authority on the international stage.

Confident that the balance of power is shifting in their country's favour, Brazilian leaders see less need to make adaptations to the positions of Europe and the United States. Determined to assert Brazil's interests rather than compromise them, they are more willing to challenge the status quo and press for the reform of global governance institutions, making way for a stronger role for the country in multilateral forums. This newfound assertiveness poses a challenge to US hegemony in the Western Hemisphere and helps reinforce the broader changes in the global order, which has seen power shifting from the old G-7 to the BRICS and other rising powers.

This briefing paper provides a review of Brazil's new, more assertive foreign policy. The first section looks at how the country has sought to form a regional power bloc in South America as a springboard for its global projection. The second section discusses how Brazil has reached beyond South America to strengthen ties with other emerging powers as well as the broader developing world in an effort to expand its commercial and political reach in the emerging "South-South" arena. The final sections deal with the implications of Brazil's newfound assertiveness for the EU and the US.

### **Building up regional leadership**

In sharp contrast to Brazil's traditional reactive foreign policy, former President "Lula" da Silva (2003–2010) set out to strengthen the country's position as a global player using the South American region as its springboard. To this end, the Lula government made efforts to strengthen regional cooperation within Mercosur (the Common Market of the South), the economic and political agreement between Argentina, Brazil, Paraguay and Uruguay. However, due to trade disputes, Mercosur cooperation has stalled in part. Instead, UNASUR (the Union of South American Nations), as a region-wide organization, has become an important new mechanism in Brazil's project to assert itself internationally.

Economically, UNASUR opens up new prospects for Brazilian industry by promoting the integration of regional energy and transportation networks. Its military offshoot, the South American Defence Council, provides it with a security dimension which, in the future, may also provide a market for Brazil's growing defence industry.

Most importantly, UNASUR cooperation helps form a regional power bloc that gives Brazil, its natural leader, more diplomatic clout. UNASUR was deliberately designed to exclude the US, put a lid on Venezuela's regional influence, and establish Brazil as the dominant power in South America. Crucially, as a strictly intergovernmental organization, and with a limited institutional framework, UNASUR assures

Brazil sufficient autonomy to continue pursuing its national interests in international affairs.<sup>1</sup>

However, Brazilian leadership meets with resistance from many of its neighbours. Under Hugo Chávez, Venezuela has sought to expand its influence in South America. Trade disputes and historical rivalries with Argentina also complicate Brazil's efforts to build up leadership in the region. Suspecting Brazil of harbouring hegemonic aspirations, and feeling left behind, Argentina has challenged some of Brazil's new regional initiatives and fiercely opposes the country's quest for a permanent seat on a reformed UN Security Council (UNSC). Brazil's influence in the region is further diminished by Colombia's close relationship with the US.

With regard to some of Brazil's smaller neighbours, these may be more willing to accept Brazilian leadership. Yet, there have been increasing calls for Brazil to act as the regional paymaster, a role that many domestic actors resist, particularly in light of the country's high poverty and inequality rates. At the same time, some neighbours are concerned about the economic expansion of Brazilian capitalism. Taking advantage of regional integration, Brazil's large transnational corporations have expanded rapidly into neighbouring countries, raising concerns over local commercial and industrial development.<sup>2</sup>

If Brazil is to assume effective leadership in South America, it will need to bear a larger share of the costs of regional integration. This may become easier as revenue from the country's massive oil discoveries starts pouring in. Brazil's newfound energy self-sufficiency has already strengthened its position *vis-à-vis* Venezuela. As Chávez wreaks havoc on Venezuela's economy, his ability to exchange aid for influence is likely to continue diminishing. This will pave the way for stronger Brazilian leadership. It also remains important for Brazil to nurture its partnership with Argentina. Without Argentina, achieving deeper coordination between South American

countries under Brazilian leadership will be difficult. New president Dilma Rousseff seems to understand this and has already expressed her wish to improve relations with Argentina.

In essence, whether Brazil can assume effective leadership in South America depends on its ability to convince its neighbours that it does not harbour "imperialist" intentions. Brazil being so much bigger than everybody else, its efforts to strengthen integration are bound to raise concerns that it is creating its own "backyard". This problem of asymmetry requires Brazil to pay greater attention to the interests of its neighbours and bind itself more strongly to regional institutions, something that the country has so far been reluctant to accept. Its attitude towards regional institutions remains ambivalent, especially towards ones that would restrict its autonomy.

### Forging alliances with other emerging powers

Coupled with its efforts to form a South American bloc under Brazilian leadership, Brazil has also sought to strengthen ties with other emerging powers in order to boost its international clout. Forging "south-south" alliances with China, India, Russia and South Africa helps Brazil assert its diplomatic autonomy from the US and push for changes to the world economic order. It also helps Brazil gain international influence irrespective of whether South American regionalism proceeds or not.

Under Lula's leadership, the IBSA Dialogue Forum was created by Brazil, India and South Africa in 2003. Also known as the G-3, it was formed to develop "southern approaches" to global issues such as climate change and trade, counterbalancing the "northern approaches" driven by the US in global forums. In its quest to strengthen multilateralism, IBSA has also sought to develop a dialogue with the EU.

Lula's active pursuit of south-south relations has also led to stronger ties among the BRICS. Since 2009, Brazil, Russia, India and China have held three summits, the most recent in April 2011. For Brazil, the BRIC ambit is important as a way to gain global recognition as an emerging power centre and as a way to promote a new more multipolar global power structure. By curbing US dominance in global affairs, such a multipolar scenario opens up broader

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1 Miriam Gomes Saraiva (2010), "Brazilian foreign policy towards South America during the Lula Administration: caught between South America and Mercosur", *Revista Brasileira de Política Internacional* 53: 151–168.

2 Raúl Zibechi (2009), "Is Brazil Creating its Own 'Backyard'?", Americas Program Report, Washington, DC: Center for International Policy.

room for manoeuvre for a rising power like Brazil. In negotiations over the multilateral trade and climate change regimes, Brazil forms an alliance with India and China in particular. BRIC cooperation has also been instrumental in giving the G-20 a central role in global economic governance and pushing for the reform of the international financial organizations.

In the G-20, Brazil has established itself as a leading voice of the developing world. The idea has been to build up a Brazilian economic and political leadership that is independent of the United States. Under Lula, Brazil became a major advocate of fair trade and the fight against world poverty and hunger, issues with great appeal in the “Global South”. As for the global financial crisis, Lula did not shy away from accusing the rich nations of being responsible for it. In a meeting with UK Prime Minister Gordon Brown before the G-20 summit, Lula declared that the crisis had been “caused by no black man or woman or by no indigenous person or by no poor person”, but was “fostered and boosted by the irrational behaviour of some people that are white, blue-eyed.”<sup>3</sup>

As part of the new south-south diplomacy, Lula also began strengthening bilateral ties with African nations. The opening of 68 new embassies and consulates and Lula’s multiple trips to Africa underline the importance given to this south-south orientation. Importantly, Brazil has become a major donor of aid to Africa. The new aid effort helps it compete with other major powers for influence among developing countries and garner support for its quest for a permanent seat on a possibly expanded UNSC.

### Brazil and the United States

Brazil’s more assertive foreign policy has caused friction in its relations with the United States. Indeed, under Lula, Brazil assumed a series of postures perceived as “unhelpful” by the Bush and Obama administrations. Brazil voiced strong criticism of the US’s unilateral interventions, such as that in Iraq. It also criticized plans to expand the US military presence in Colombia as well as in Haiti for the purpose of disaster recovery, and refused to support the US

position over the Honduras affair following the ousting of President Zelaya in June 2009.

Lula’s embrace of Mahmoud Ahmadinejad and the nuclear deal he helped broker with Iran enraged the Obama administration as well as the EU, who argued that it enabled Iran to employ a delaying tactic to avoid UN sanctions, while continuing to develop a nuclear weapon. Other postures such as the courting of Cuba’s Castro brothers, warning the States of strong Brazilian reactions if the US tried to destabilize Venezuelan President Hugo Chávez, and organizing the initiative for Latin American countries to recognize Palestine as a sovereign state according to its 1967 borders also formed part of Lula’s more independent foreign policy, through which he sought to boost multilateralism and carve out a more autonomous and proactive role for Brazil in international politics.

Crucially, Brazil’s efforts to promote regional integration have deliberately excluded the United States. Lula rejected the FTAA (Free Trade Area of the Americas) sought by the US. Instead, initiatives such as UNASUR and the expansion of Mercosur to include countries like Venezuela were designed to cut loose from restrictive trade agreements and undercut US hegemony in the region. Brazil has also voiced strong criticism of America’s handling of the financial crisis, accusing it of triggering a “currency war” through its policy of quantitative easing, while disputes over trade issues such as the US tariff on ethanol and its farm subsidies remain unresolved.

Brazil’s assertiveness does not, however, mean it is adopting the abrasive style of Venezuela’s Chávez. To be sure, within the *Itamaraty*, Brazil’s foreign office, “autonomists” have become the dominant group of policymakers.<sup>4</sup> They have reservations about US hegemony in the region and want to boost the autonomy of Brazilian actions. But they are ultimately pragmatists who, via engagement and negotiation, rather than by direct confrontation, want to create a favourable context for Brazil’s rise. Regional and international multilateralism is seen as the main instrument for curbing US hegemony and improving Brazil’s relative position in the global power structure.

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3 Quoted in Riordan Roett (2010), *The New Brazil*. Washington, DC: Brookings Institution Press.

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4 See Gomes Saraiva, “Brazilian foreign policy”



Brazil has grown more powerful and confident over the last decade. Photo: Ricardo Stuckert / Agência Brasil.

In any case, under new president Dilma Rousseff, prospects for more cordial ties between Brazil and the United States have emerged. Rousseff has clearly signalled that she wants to improve US–Brazil relations. She has distanced herself from Lula’s Iran policy and pledged to take a more critical line on human rights violations in Iran and elsewhere.<sup>5</sup> These signals were duly picked up by the US administration, who rushed to organize an official visit to Brazil by President Obama, which took place on March 19–20. While presidents Obama and Rousseff did not announce any major deals, they did agree on a framework for strengthening economic and security cooperation.

The US has much to gain from a closer relationship with Brazil. Brazil’s growing economic and diplomatic clout provides a strong incentive for the US to improve relations. As the US looks for ways to boost its export industry in the wake of the financial crisis, closer economic cooperation with a booming Brazil looks increasingly attractive. US companies see great opportunities in Brazil’s large and expanding consumer market. They also want to enter the burgeoning market forming around Brazil’s massive natural gas and oil discoveries, as well as the vast business opportunities associated with its upcoming

organization of the 2014 World Cup and the 2016 Olympic Games.

As Brazil is set to become a major energy player within the next ten years, it also provides an opportunity for the US to reduce its dependence on oil imports from the volatile Middle East. Also, closing any new deal on international trade will require the cooperation of Brazil, as demonstrated by the failed Doha Development Round. Crucially, from a US perspective, an assertive Brazil can act as a counterweight to Chávez’s Venezuela in Latin America as well as to a more abrasive China in the broader Global South. As US influence is diminishing in the developing world, seeking a stronger bilateral alliance with Brazil makes sense.

Indeed, US foreign policymakers can no longer afford to ignore Brazil. China has already become Brazil’s main trading partner and foreign investor. Obama’s visit shows that US policymakers have finally started to grasp the importance of “reconnecting” with Brazil. In his speech during the visit, Obama explicitly recognized Brazil as a regional leader and an emerging global power. The gesture went down well in a Brazil eager for more international recognition. It now remains for the Obama administration to empower its diplomats to engage with Brazil on more equal terms. Sensibly, Obama did not go as far as to officially endorse Brazil’s bid for a permanent seat on the UNSC.

<sup>5</sup> It remains to be seen to what extent she will actually, in practice, take a more active role in promoting human rights. On her visit to China in April, her first foreign trip as president, she failed to condemn the human rights situation there.

## Relations with the European Union

Brazilian diplomacy has sought to establish closer ties with the European Union. Brazil sees the EU as an ally in its quest to strengthen multilateralism. From a Brazilian standpoint, a close relationship with the EU provides a way to reinforce its role as a global player and garner support for its candidacy for a permanent seat on the UNSC. It may also bring tangible benefits in terms of better access to European markets and the transfer of technology.

For its part, the EU sees many benefits in closer relations with Brazil. In the eyes of the EU, Brazil is the “natural leader of South America” and a force for stability in the region with the means to counter Chávez’s more abrasive initiatives.<sup>6</sup> Its expanding internal market has much to offer European exporters. Brazil is also viewed as an emerging global player which, in contrast to other rising powers such as China and Russia, shares key values with Europe and may thus be an important partner in multilateral negotiations on issues such as UN reform, disarmament, human rights and the fight against poverty. In contrast to the United States, the EU and Brazil share a preference for reinforcing the role of the UN in the field of peace and security.

Since the 1990s, Mercosur has provided the primary framework for EU–Brazil relations. In 1995 the EU and Mercosur signed a framework cooperation agreement and in 2000 negotiations were opened with the aim of forming an inter-regional association agreement between the two parties. However, these negotiations came to a deadlock in 2004 as no agreement over the trade chapter could be reached. While negotiations stalled, the EU began shifting the emphasis of its Latin America strategy from Mercosur towards closer bilateral cooperation with Brazil.

Accordingly, the European Commission took the initiative to launch a Strategic Partnership between the EU and Brazil. While the Commission insisted that the new bilateral framework would not replace its relationship with Mercosur, it clearly marked a new direction in its approach to Latin America with

priority given to deepening bilateral ties with Brazil. The new partnership was launched at a Brazil–EU summit in Lisbon in July 2007. Since then, three more EU–Brazil summits have been held.

However, while the EU’s special treatment of Brazil can be viewed as a natural step in response to the country’s rise in the global order it may have negative repercussions for the EU’s wider relationship with the region. Most other South American countries have felt left out in the EU’s rush to embrace Brazil.

Given this high price paid by the EU, it should demand more from its partnership with Brazil. The EU should underscore that Brazil needs to take a more active role in defending human rights worldwide and sharing responsibility in international peacekeeping missions, instead of pandering to the likes of Chávez. It should also ask Brazil to adopt more constructive policies on climate change and on trade negotiations within the Mercosur framework.

Of course, this may be easier said than done, especially as Brazilian policymakers have increasingly started questioning the value of the new partnership. When it comes to trade preferences that the EU offers to various countries and regions, Brazil is given very few in relation to others. If the EU really is serious about deepening relations with Brazil, market access for Brazilian products needs to be improved. Even better for all parties, EU–Mercosur negotiations should be brought to a successful conclusion so as to make way for deepening commercial ties with Brazil and its neighbours. That way, an assertive Brazil could be tied more closely to Europe, while simultaneously improving relations with Hispanic America.

## Concluding remarks

Having traditionally been reluctant to challenge US hegemony and play a leading role in Latin America, Brazil’s foreign policy has become more proactive and assertive over the last decade. There is no reason to believe that President Rousseff will alter this course. True, she does not have Lula’s stature in the developing world. Lula’s assertive activism was aided by his international popularity, but there is more to Brazil’s newfound assertiveness than Lula’s charisma and hyperactive presidential diplomacy.

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6 Susanne Grätius (2008), “O Brasil como parceiro estratégico da UE: consequências bilaterais, regionais e globais”, in W. Hoffmeister (ed.), *Anuário Brasil-Europa 2007*. Rio de Janeiro: Konrad Adenauer Stiftung.

As some observers of Brazilian diplomacy have noted, the country is in “a long-term process of asserting itself internationally, translating economic power into political clout”.<sup>7</sup> The global economic downturn, from which the Brazilian economy rebounded quickly, while the economies of the major western powers remain in tatters, has reinforced Brazil’s newfound international self-confidence.

As a result, the EU and the US cannot count on Brazil supporting any Trans-Atlantic alliance against China, and they will find Brazil on the opposite side of the table in multilateral negotiations on issues such as trade and climate change. In the case of nuclear non-proliferation, Brazil has recently revived its nuclear energy programme and while it has pledged not to produce nuclear weapons, it refuses to sign the Additional Protocol to the Nuclear Non-Proliferation Treaty and has stepped up its resistance against international measures that aim to restrict the development of indigenous nuclear technology and uranium enrichment capabilities. Brazil has also issued warnings to the US and European powers that it would not tolerate any NATO naval operations in international waters off its coast in the South Atlantic. Most importantly, Brazil will continue to push for a permanent seat on a reformed UNSC and for broader changes to the voting structures of the Bretton Woods institutions.

Considering Brazil’s growing economic and political clout, the EU and the US had better learn to live with a more powerful and confident Brazil. Its emergence as a potential world leader in energy production will add to its assertiveness. The US will no longer be able to dictate the terms for regional cooperation in the Western Hemisphere. It will have to engage with Brazil on more equal terms. At the same time, an assertive but pragmatic Brazil presents an opportunity for the US to reduce some of its burden in upholding stability in the region.

Yet, both the EU and the US would be well advised not to rely too much on Brazil’s ability to wield effective regional leadership, given Hispanic America’s reluctance to concede to Brazilian leadership. For the

EU, engaging too closely with Brazil may have negative repercussions for its wider relationship with the region. Reviving inter-regional cooperation should be a priority for the EU’s Latin America strategy.

Ultimately, both Europe and the US possess a valuable bargaining chip in Brazil’s bid for a permanent seat on the UNSC, which can be used to encourage Brazil to use its newfound assertiveness in a responsible manner by taking on a more constructive and active role in promoting democracy and human rights.

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7 Mauricio Cárdenas and João Augusto de Castro Neves (2010), “Brazil’s Post-Lula Foreign Policy”, The Brookings Institution, accessed October 18, 2010, [www.brookings.edu/opinions/2010/1015\\_brazil\\_foreign\\_policy\\_cardenas.aspx?p=1](http://www.brookings.edu/opinions/2010/1015_brazil_foreign_policy_cardenas.aspx?p=1).