

Brazil and the United States: Building a Partnership for the 21st Century

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Brazil's emergence on the world stage is one of the most interesting and important events of this new century. It is also one of the most consequential for the interests and well-being of the United States.

A constellation of mutually defined priorities and goals, growing interaction between our societies, and shared political values and economic understandings have created an historical opportunity for us to take a strategic leap forward in our relationship. We can transform a friendly but underperforming relationship into an explicit partnership that addresses some of the most daunting challenges of this century: food security, energy security, climate change, environmental stewardship, nonproliferation and the fight against transnational crime and terrorism.

Hiding in Plain Sight

When Brazil emerged from two decades of military rule in 1985, its future was unclear. Politically, its leadership was compromised, it had no democratic constitution, its institutions were untested, and no one knew how the transition government would manage two decades of pent-up social energy and resentment. Economically, the country faced fiscal and monetary chaos, with sky high inflation, an unstable currency, and a private sector that had grown up behind tariff walls and was little prepared to face global competition. Socially, Brazil was one of the most unequal countries in the world. Because of rapid urbanization, that inequality lived side-by-side in major cities such as Rio de Janeiro and São Paulo, and bred daunting challenges to governability and public order.

Today, 27 years later, Brazil is a consolidated democracy with institutions that function, it has an electoral system that is a model for its efficiency and fairness, and has enjoyed nearly two decades of superb executive leadership. Economically, Brazil has tamed inflation, put its monetary and fiscal house in order, and is a magnet for foreign currency because of its large and growing domestic market. Although its private sector continues to face competitiveness challenges, Brazil has built an impressive array of world class companies in sectors as diverse as energy, aviation, telecommunications, agriculture, finance and banking, and medical services. Socially, Brazil is no longer defined by inequality. Over the last decade, Brazil has pushed more than 30 million people out of poverty and created a middle class of 105 million people, more than half the population. In the process, it has created a consuming class that is a domestic engine for economic growth.

In effect, Brazil fashioned a peaceful political and social revolution. It did so during a time of international upheaval and change. This is an accomplishment of significant value

for the United States. Brazil has shown that democracy and markets deliver development. As we engage with the challenges of the Middle East and North Africa, Brazil is an example of a country that moved from authoritarian to democratic government, from a closed to an open society, from autarkic development to regional integration, and from isolation to globalization, and in the process successfully addressed deeply ingrained problems such as poverty and social exclusion.

Taking a Closer Look

These accomplishments become even more noteworthy for the United States if we take a closer look at the results.

First, Brazil modernized its agricultural sector expanding food production through the adoption of cutting-edge technology. Originally a food importer, Brazil today is the second largest food exporter in the world behind the United States. In specific sectors, such as soybeans, beef, chicken, sugar, and orange juice, Brazil is the top exporter. It has one of the world's largest reserves of arable land and fresh water. Brazil's agricultural research service, Embrapa, is sharing its productivity revolution with African and Latin American countries. As we anticipate the enormous demand for food that will come from China, India, and the Middle East, and look for ways to end hunger, Brazil will be a major player and a necessary partner.

Second, Brazil moved from being an energy importer to an energy exporter. Today, Brazil is the second largest producer and the largest exporter of biofuels in the world, and the largest user of renewable and alternative energy. Recent oil and gas finds in the south Atlantic make Brazil the second largest holder of oil and gas reserves in our Hemisphere, and Brazil is on track to become the largest producer of oil and gas in South America by the end of this decade. As we look for ways to increase our use of renewable energy while diversifying our sources of oil and gas and lessening our dependence on energy from the Middle East, Brazil will be an important partner.

Third, Brazil moved from resisting global environmental stewardship to becoming a leader in international climate change talks. Brazil viewed early environmental stewardship efforts as an attempt to complicate and block Brazil's economic development. However, Brazil realized that its enormous environmental capital—the world's largest river basin, the world's most extensive biodiversity, and the important role of Amazon forests in reducing CO₂ emissions—guaranteed it a privileged seat at global environmental talks. Brazil's central role in those talks, and its ability to work closely with us, has made Brazil an important bridge between developed and developing countries. This is evident in the agenda it has proposed for the Rio+20 conference in June, where Brazil wants to focus on sustainable development. In effect, Brazil is trying to link the results of the Durban talks with the original intent of the Doha Round, creating a place where developed and developing countries can create a new, sustainable approach to economic growth and job creation. We support this agenda and Brazil's leadership.

Finally, Brazil moved from regional aloofness to being the driving force behind South American integration. Historically, Brazil's linguistic and political differences limited Brazil's regional diplomacy. That changed with the advent of democracy in 1985. Brazil and Argentina negotiated an end to their nuclear weapons programs and created a mutual monitoring entity, helping make South America a nuclear weapons free zone. Brazil then built the Common Market of the South, the customs union that links Brazil, Argentina, Uruguay and Paraguay. Subsequently, it played a central role in creating the Union of South American Republics. Through its national development bank, BNDES, Brazil lends more in South America than the World Bank and the Inter-American Development Bank combined. These actions have made Brazil the driving force behind the economic integration of South America and the creation of political dialogue that enhances cooperation and reduces the chances of conflict between states. In effect, Brazil has helped create a peaceful, democratic and relatively prosperous South America. From the point of view of the United States, having such a strategic reserve in our own Hemisphere as we address major security concerns elsewhere is of immeasurable value.

Brazil Re-Evaluates the United States

Brazil, for its part, has determined that the United States is an important, even an indispensable, partner to reach its national development goals and its international ambitions.

Relationships between our two countries have always been friendly. However, our engagement has been intermittent, driven by crises like the Second World War, and often followed by periods of neglect as both countries pursued their individual ambitions. This neglect, complicated by the Cold War and Brazil's own domestic difficulties, bred suspicion that the United States would not permit Brazil to reach its potential in South America and the world. Brazil's recent successes, however, and its emergence as a major economic power and influential global actor have allowed Brazil to understand its relationship with the United States in a new light.

For instance, Brazil now recognizes that our similar histories as racially and ethnically diverse countries committed to promoting equality and creating open and tolerant societies creates bonds that Brazil does not share with other partners.

Brazil recognizes that American commerce and investment have played a central role in Brazil's economic success. It knows that our trade has a strong value-added component, and prides itself on selling high-end products such as airplanes to the US market. While our bilateral merchandise trade of \$74 billion is at an all time high, it has actually declined in recent years as a percentage of total Brazilian trade. Brazil wants more trade and investment with the United States, especially in the manufacturing sector.

Brazil knows that American companies have shown long-term commitment to Brazil, creating jobs and providing world class human resource development, and that American education, training, and investment have played a central role in some of Brazil's biggest successes. It knows that American companies and institutions played important

catalytic roles in the creation of Brazil's civil aircraft industry, and the creation of Embrapa and Brazil's agricultural productivity miracle.

Brazil knows that the United States continues to play a key role in making ethanol an international commodity, working with Brazil to create international standards, share research and development, and promote ethanol production in third countries in Central America, the Caribbean, and Africa.

And Brazil knows that our commitment to Science Without Borders, President Rousseff's signature development program that will send 101,000 science, math, and engineering students to study abroad, will guarantee its success. Our willingness to take a majority of these students, and to provide internships at leading scientific institutions, reflects the development of deep ties between our respective innovation communities and a strategic commitment to Brazil's economic success which will resonate for decades.

Forging a New Partnership

This unique convergence of interests and perceptions has opened the possibility for Brazil and the United States to create a strategic partnership of global proportion.

Our Presidents, in meetings in Brazil and the United States, have identified a common set of priorities: infrastructure, education, science and technology, innovation, and energy.

Our Presidents have committed to increasing commerce and investment, and making our markets and companies the principal drivers of engagement between our societies. To this end, our governments have signed ground breaking agreements in the areas of economic and trade cooperation, civil aviation, biofuels development (including aviation biofuels), scientific exchange, space cooperation, and disaster management.

Our Presidents have given greater structure to our bilateral dialogue, creating three mechanisms that report back to them: The Global Partnership Dialogue, led by the State Department and Brazil's Foreign Ministry; the Economic and Financial Dialogue, led by the Treasury Department and Brazil's Finance Ministry; and the Strategic Energy Dialogue, led by the Energy Department and Brazil's Ministry of Mines and Energy. They have also expanded the agendas of several of our 24 existing dialogue structures, including defense, law enforcement, disarmament and nonproliferation, science and technology, and sustainable development.

And our Presidents have reached beyond government to create new forms of private sector and civil society engagement. Our Brazil-US CEO Forum brings together 12 top business leaders from each country to advise governments on how to advance the commerce and investment relationship. The Brazil-US Business Council brings together hundreds of companies to pursue partnerships and joint ventures. Our Joint Action Plan to End Racial Inequality brings together our civil societies to share experiences and build more tolerant and inclusive societies. Our Memorandum of Understanding on Women's Advancement has resulted in a range of programs among our populations promoting

women in science, economic empowerment, and combating gender based violence. Our rapidly increasing academic and education exchanges are creating an extensive network of scientists, engineers, and entrepreneurs who understand each other and work together comfortably. These exchanges will grow as the number of Brazilians who visit, study and work in the United States continues to increase rapidly.

As we build on this vision and fashion our twenty-first century relationship, it is evident that we will have differences. This is to be expected from two large countries with global ambitions. However, the extent of our partnerships and common objectives, and the strong ties that will bind our societies, will create a large and productive space for our relationship. How well we take advantage of that space will define the success of our diplomacy, and the well-being of our peoples.