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U.S.–Brazil Summit: Time for a Bold Policy Vision

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An optimistic view of the April 9 meeting between U.S. President Barack Obama and Brazilian President Dilma Rousseff is that it will produce a stronger relationship with an emerging global power here in the Americas. Despite significant differences on key democracy, human rights, and foreign policy issues, the U.S. must elevate its game with Brazil.¹

If it is a U.S. priority to build a substantive rather than merely amicable relationship, the Obama Administration and policy shapers in general should develop a coordinated ensemble of initiatives that provide real incentives, as well as a strategy for achieving a closer, enduring, and mutually beneficial association. These initiatives must be sufficiently bold to appeal to Brazilian pride and self-interest and overcome a

Brazilian desire to play global counterweight or foil to U.S. policy.

Many in Brazil, especially independent-minded foreign policy elites, run with the global pack—they like independence from the U.S. and enjoy the ability to cherry-pick stances in a competitive, multipolar world. To challenge this position, the U.S. needs a weighty, strategic-minded approach that spans a spectrum of trade, energy, aerospace, and security possibilities.

Freeing Trade. The U.S. and Brazil aim to steer their economies toward higher, broader-based growth tracks. Brazil is the U.S.'s 10th-largest trading partner, acquiring \$39 billion in U.S. goods and \$12.7 billion in U.S. services (figures from 2010). The U.S. ran an \$11 billion trade surplus with Brazil in 2010.

Nearer than Asian markets, much closer in mores and cultural affinities, Brazil is a major purchaser of goods from high-tech, value-producing industries, particularly machinery and aircraft parts. While China has surpassed the U.S. as Brazil's largest trade partner, that economic relationship is linked to volatile commodities, a form of neo-dependency that Brazil wishes to address.

Efforts to construct a Free Trade Area of the Americas collapsed in

the early 2000s. Yet the objective of establishing a free trade agreement can again be placed on the table. Brazil is already conducting free trade discussions with our NAFTA partners, Canada and Mexico. Why not the U.S.? The U.S. should tackle differences within the stagnant Doha Round of global (World Trade Organization) trade negotiations, especially when dealing with outdated and wasteful agricultural subsidies. Other proposals meriting consideration are a market access agreement with MERCOSUR (the Southern Common Market), a taxation agreement to end double taxation, and enhanced agreements on rules governing bioresearch and technology.

Powering the Future. Brazil is increasingly a global energy giant. Its uniqueness and resourcefulness lie in an energy mix of ethanol, hydropower, and offshore petroleum that has given Brazil an energy self-sufficiency that is the envy of the world. The offshore Tupi and Jupiter fields with their “pre-salt” reserves, discovered relatively recently, could hold as much as 100 billion barrels in high-quality reserves.

Some experts predict that Brazil is poised to become one of the top five global oil producers by 2020.

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The need for investment, technology, and service support is enormous. Petrobras, Brazil's national oil company, is the largest company in all of South America and is closely linked to the nation's future. With enlarging opportunities, the U.S. must learn to operate within the context of Brazil's national development strategy and concentrate on investing and partnering with a friendly source that is advantageous to U.S. energy security.

Commanding Skies and Space.

Brazil looks to the air and space to guard its sovereignty, advance national development, and establish greater national and international connectivity. One of the hotter issues is modernization of Brazil's Air Force, which could lead to the purchase of as many as 36 advanced fighter aircraft. U.S. air giant Boeing, with its F-18 Super Hornets, is in fierce competition with France's Dassault's Rafale fighter and other competitors.

The Rousseff government is reportedly nearing a decision on a purchase. The White House should act to champion the Boeing bid, offer a commitment to speed the necessary technology transfers, and offer long-term support for a U.S.-made purchase.

Recently, the Pentagon revoked a decision to purchase 20 turbo-prop-driven, anti-insurgency Super Tucanos, built by Brazil's Embraer—the world's third-largest jet manufacturer—for Afghanistan's air force. Cancellation of this \$355 million deal bruised Brazilian sentiments, especially in the context of the Boeing bid. A favorable decision by the Pentagon on the Super Tucanos could rebuild confidence.

Already, there is an impressive spectrum of joint aerospace efforts.

Embraer's relations with the U.S. are strong. Every Brazilian-made regional and executive jet contains a high percentage of components made in the United States. Brazil has acquired Raytheon sensors and Lockheed Martin radar technology for its Amazon Surveillance System. Brazil is a major purchaser of Sikorski helicopters and an active market for space technology. It is important to demonstrate readiness at the presidential level to integrate and advance aviation and aerospace cooperation with Brazil as a top U.S. priority.

Security 4.0. Brazil has to address three-tiered security concerns. On the national level, its objectives are to combat drug trafficking and organized crime and prevent acts of terrorism. This is highly important as Brazil prepares to host the 2014 World Cup and the 2016 Summer Olympics. Neighboring 10 countries, Brazil is active in regional security efforts via the Union of South American Nations (UNASUR) and the new South American Defense Council. Brazil's primacy has been marked by a tendency to try to exclude the U.S. from interaction with the nascent South American security body. On the international level, Brazil plays an important peacekeeping role, particularly in Haiti.

Brazil's military professionals have a long record of working with the U.S. The U.S. must focus on developing a broad-based security cooperation model starting from the 2010 U.S.–Brazil Defense Cooperation Agreement.

Construct a Long-Term Strategic Relationship with Brazil. On April 9, President Obama needs to suggest a program that

opens Brazilian eyes rather than causing them to hit the snooze button.

- **Permanent Consultation:** The U.S. should propose annual presidential-level consultations.
- **A Brazil Free Trade Pact:** The Obama Administration should recommit to trade talks and work on ancillary issues such as market access and a taxation agreement.
- **Energy Partnership:** The White House should focus greater attention on encouraging U.S. investment and partnership with Brazil in order to develop sound, market-based energy development.
- **American Skies:** The White House should offer assurances that support the Boeing fighter bid and advance a strong aerospace bond that is vital to both nations.
- **Security 4.0:** The U.S. should align the Department of Defense, U.S. Southern Command, and Homeland Security to advance "multidimensional security" and strengthen both bilateral and regional cooperation.

When dealing with a rising Brazil—a country that fervently believes its day is arriving—old ideas and tired concepts require a drastic overhaul.

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1. Ray Walser, "U.S.–Brazil Summit Must Address Differences on Democracy, Human Rights, and Iran," Heritage Foundation Issue Brief No. 3559, April 3, 2012, at <http://www.heritage.org/research/reports/2012/04/us-brazil-summit-must-address-democracy-human-rights-and-iran>.