The V Summit of the Americas: perspectives from the region
Wilson Center – Latin American Program

Brazil’s Perspective

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Brazil is currently redesigning its international presence and strategy

I. This process is based on domestic factor:
   I. Quite consolidated political and macroeconomic stability
   II. Emergence of a positive perception about selective global issues
   III. State Reform: kept Brazilian state very strong
   IV. Emergence of world class economic sectors and companies

II. And also related to a new external environment:
   I. Strategic accommodation with US
   II. New regional approach
   III. Growing international economic interests
Domestic factors

I. Quite consolidated political stability:
   I. Foreign strategy based on long term interests (do not respond to presidential terms)
   II. Increase involvement of legislative branch
   III. Increasingly multi-agency process

II. Consolidated macroeconomic stability:
   I. Economic players – state and private companies – became to work based on long term
      and strategic planning

III. State Reform: kept Brazilian state very strong:
   I. Strong agencies: Central Bank, BNDES, Petrobras, Finep, Embrapa etc
   II. Ability to define and implement public policies: social, industrial, credit, technology etc

IV. Emergence of a positive perception about selective global issues
   I. Issues like environment, public health, poverty alleviation, financial reform
   II. Positive agenda with South America and Africa (not consolidated)

V. Emergence of world class economic sectors and companies
   I. About 200 companies started to go regional and global
New external environment - I

I. Strategic accommodation with US
   I. US perception about common strategic goal
      (Brazil as a BRIC´s less conflictive partner)
   II. Recognition of Brazil as a regional main interlocutor
   III. Recognition of the Brazil´s regional interests
   IV. Respectful regional competition on some issues
      (like Colombia, Venezuela, drugs, defense, trade)
   V. Quite high level communication and contacts
      (not fully reflected at the diplomatic level)
   VI. Process started mid 1990´s
   VII. No relevant conflict for the last 15 years
      (minor problems like nuclear equipment, IV fleet, etc)
New external environment - II

I. New regional approach

I. Since de mid 80’s: a positive regional (not fully consolidated but in contrast with last 200 years)

II. South America emerge as the main reference for the Brazilian strategy (energy, industry and trade, security, environment)

III. Security and defense effort turns to north (Amazon region as a threatened and unoccupied frontier)

IV. Regional focus on: (a) political stability, (b) selective economic ties, (c) bilateral relations and negotiations

V. Clear option for a low institutionalized relations (presidential summits, no mandatory agreements, no supranational agencies)

VI. No regional macroeconomic and microeconomic agenda (exchange rate, industrial policy, IP regulation, financial integration, etc)

VII. Political platform in global arenas and negotiations (UN, WTO etc)
New external environment - III

I. Growing international economic interests
   I. Both strategic and market interests
      (oil, natural gas, dual technology, logistics etc)
   II. 2006: Brazil invest abroad more than received FDI
   III. Strategy of internationalization of the Brazilians companies
   IV. Start pursuing international agreements to protect Brazilian interests abroad
      (OCDE aircraft agreement, financial regulation, patent regulation, trade regulation, regional mechanisms to protect investments)
   V. Growing economic differentiation with the region ➔ different economic strategy
Regional Integration Strategies

Different Strategies

- **Multilateralism and Regional Integration**: Argentina and Brazil
- **Regional integration**: Bolivia and Venezuela
- **FTAs with developed countries and regional integration (through bilateral FTAs)**: Chile, Colombia, Peru and Mexico
- **Ambiguous position**: Ecuador, Paraguay and Uruguay

* Pending ratification
** Not a broad reaching agreement
ALADI’s Share in Each Countries Imports (in %)

Distribution of Latin American Exports by Country/Region (in %)

Source: Aladi
FDI

Distribution of FDI Inflows by Country (in %)

- **Argentina**: Natural Resources (50%), Manufacturing (20%), Services (30%)
- **Brasil**: Natural Resources (40%), Manufacturing (30%), Services (30%)
- **Chile**: Natural Resources (60%), Manufacturing (5%), Services (35%)
- **Colombia**: Natural Resources (45%), Manufacturing (15%), Services (40%)
- **Mexico**: Natural Resources (50%), Manufacturing (25%), Services (25%)
- **Peru**: Natural Resources (50%), Manufacturing (15%), Services (35%)

Source: Cepal