

TASK FORCE ON BRAZIL IN SOUTH AMERICA

FINAL REPORT

June 2007

The goal of the task force on “Brazil in South America” was to combine different perspectives from academics, consultants, journalists and business executives in a public document analyzing political and economic aspects of Brazil’s relationships with neighboring countries. The task force also made recommendations for an effective Brazilian strategy in the region. The participants did not represent the views of their respective institutions and contributed to the report based on their own experience and personal interest in the issue.

Participants:

Adilson Oliveira	Alcides Vaz
Amaury de Souza	Carlos Mariani Bittencourt
Cezar Faccioli	Christiane Aché
Débora Thomé	Décio Fabrício Oddone da Costa
Denise Gregory	Domenica Bluna
Eduardo Viola	Flávio Henrique Drummond Mattos
João Paulo Veiga	José Botafogo Gonçalves
Lia Valls Pereira	Lúcia Maduro
Luís Marcelo Coelho Acosta	Marcelo Coutinho
Maria Regina Soares de Lima	Octavio Amorim Neto
Pedro da Motta Veiga	Ricardo Sennes
Roberto Iglesias	Sandra Polónia Rios

Task force activities were conducted by Maria Regina Soares de Lima, Pedro da Motta Veiga and Sandra Polónia Rios and supported by a grant from the Swiss Agency for Cooperation and Development (SDC).

The report is a synthesis of the task force members’ not always convergent visions. It is not the report’s intention to reflect the participants’ individual opinions. None of the statements or recommendations cited in this report can be attributed to a given participant.

Brazil in South America
Task Force Final Report

1. Introduction

Brazil's strategy in South America has moved to the forefront of the domestic debate about its foreign policy. Brazil's reactions to neighboring countries' political and economic initiatives as well as the choices made by the government in response to emerging conflicts and tensions with some of them have been feeding an intense controversy.

To some, Brazil's current regional foreign policy sacrifices the country's political and economic interests for the sake of building alliances inspired by ideological concepts. To others, that policy fosters Brazil's long-term national interests because the stability and development of neighboring countries will end up benefiting Brazil.

Polarized views about what should be Brazil's role in South America are but one dimension of the domestic debate. There is also a clear lack of reflection on the issue of Brazil's relations with neighboring countries. In this sense, a number of questions need to be addressed:

- (i) What are Brazil's economic and political goals in South America?
- (ii) What should be Brazil's priorities in the region to accomplish such goals?
- (iii) How can these goals impact Brazil's position vis-à-vis the issue of regional integration?

These questions have just surfaced in Brazil's foreign policy debate. Triggered by revealing events that have been transforming neighboring countries as well as by the expansion of Brazilian interests in the region, the priority afforded to South America in Brazil's foreign policy agenda is a relatively new development.

Brazil's interests in South America are diverse and expanding. The region absorbs about 20 percent of Brazilian exports and is an important destination for its manufactures. Also, Brazilian transborder investments, intra-regional migration flows to Brazil, and efforts to promote regional energy integration have become more pronounced in the past few years.

Brazil and its neighbors share interests in topics related to the environment, the role of the Amazon and the expansion of transnational illicit activities. Most recently, the region has grown increasingly more interested in the issue of climate change. The last report issued by the Intergovernmental Panel on Climate Change (IPCC) points out to South America's high vulnerability to global warming and its effects.

This important and diverse agenda, however, dwarfs in comparison to Brazil's foreign policy priorities. Historically, Brazilian diplomacy had given little importance to its relation with South America up until the 1990s, when the country started to gradually promote the region through its foreign policy agenda. Today's emphasis on South America is taking place mainly at the government level but in a very heterogeneous manner. Most of the Brazilian elites do not view the region as a priority and there have been no significant efforts to discuss how Brazil's political configuration in South America should take shape.

Moreover, the superficial and polarizing debate about the region does not contribute to the consolidation of a Brazilian vision for South America. Under these circumstances, Brazil is facing difficulties to establish a strategic relationship with its neighbors and formulate and implement policies that would contribute to regional integration.

The task force intends to further the debate about the role of Brazil in South America by joining academics, consultants, business representatives and journalists. The objective is to take advantage of the visions and experiences of the members to foster a more in-depth public debate on the issue by delivering a report analyzing the political and economic aspects of a regional relationship as well as recommendations for a Brazilian strategy in the region.

2. Background: South America in Brazil's foreign relations and trade agenda

Brazil borders nearly all the South American countries, except for Ecuador and Chile. The close proximity of Brazil to most of the neighboring countries and its disproportionate geographic size have generated a "distrust syndrome" between the country and the rest of South America. Also, differences in language, socio-political development and cultural values have contributed to such syndrome.

A sign of this mutual distrust is the place that South America has traditionally occupied in Brazil's foreign policy. Brazil approached its foreign policy from two different angles during the 20th century: seeking a special relationship with the United States or an autonomous position in the international arena. Nevertheless, even during times that Brazil's policy was more focused on an autonomous international position by trying to diversify its political and trade allies, the country reached out to nations outside South America.

In the 1990s, Brazil's return to democracy and the creation of a strategic alliance with Argentina led to a gradual shift in Brazil's foreign policy toward South America. Besides its involvement in Mercosur (the Southern Cone Common Market), Brazil also tried to

promote several diplomatic and trade initiatives that encompassed South America (i.e. the South American Free Trade Area – ALCSA--; trade agreements of Mercosur with other countries in the region -- Chile, Bolivia and the Andean Community trade bloc; the integration of the region’s infra-structure – IIRSA --; initiatives to mediate conflicts between Peru and Ecuador, and the creation in 1998 of the Economic Cooperation Treaty Organization -- OTCA -- to strengthen international cooperation in the Amazon region. Notwithstanding the variety of initiatives, trade remained the main focus of Brazil’s South American policy.

Brazil’s motivation to promote a customs union for Mercosur members centered on the need to maintain the countries’ markets and leverage bargaining power to negotiate with the northern countries. For Brazil, the axis of integration was the common external tariff (TEC) to insure that trade negotiations would be scheduled under Mercosur. This focus, however, ignored the logic of economic integration through scale economies and the consequent specialization and integration of productive chains. The poor implementation of a free-trade agenda coupled with the absence of national economic policies coordination within a customs union model unable the generation of a dynamic flow of exports from small to large country members.

What did Brazil gain under the “Mercosur model” of a customs union and a common external tariff? Up to the end of the 1990s, it strengthened Brazil’s bargaining position in international trade fora and attracted the European Union’s interest in an inter-regional negotiation. Nevertheless, it also neglected the needs of the small country members, which have since complained about the scant benefits afforded by the bloc to their economic growth.

The Mercosur crisis, which has deepened since 1999, translated into increasing difficulties to address the bloc’s internal agenda as well as to coordinate with the partners the formulation of an agenda for external negotiations. These developments and the excessive emphasis on trade relations triggered a discussion about new Brazilian strategies for the integration of South America.

In 1994, Brazil presented to the Mercosur partners a proposal to create ALCSA (South American Free Trade Area). A joint statement by the Mercosur governments in favor of the creation of ALCSA confirmed that “the foreign relations and finance ministers of the Mercosur countries support free trade among all South American countries to help the region improve its insertion in the hemispheric and global markets.” Even though this initiative did not succeed, it is clear that it sought to strengthen Brazil’s and the region’s position to negotiate with the United States a hemispheric integration proposal as well as with other regions in the world.

After the creation of Mercosur and the negotiation of agreements with Chile and Bolivia (1996-1997), Brazil encountered greater difficulties to advance the region’s integration. Negotiations between Mercosur and CAN were significantly more difficult than originally expected, leading eventually to a much less ambitious agreement signed in 2003.

Brazil's engagement in launching IIRSA (Initiative for the Integration of Regional Infrastructure in South America) during the 2000 meeting of South American presidents in Brasilia represented an effort to contribute to the region's positive agenda by shifting the focus from trade negotiations to the incorporation of other issues in Brazil's strategy for the region. Other actions that sought to diversify the country's regional agenda included its role as a mediator of the Ecuador-Peru conflict and efforts to strengthen the Amazon Cooperation Treaty in the late 1990s.

Most recently, Brazilian regional initiatives have been influenced by a critical evaluation of liberal reforms and of regional integration initiatives inspired by "open regionalism" models. As a result, these initiatives have underemphasized the trade agenda and introduced a variety of non-trade related economic issues, such as energy integration and infrastructure, in addition to cultural and social themes.

The creation of the South American Community of Nations in December, 2004 -- now renamed Union of South American Nations (UNASUR) --, was one of these initiatives. In the past two years, the negotiations to define a regional integration agenda have incorporated a great variety of issues and minimized the trade dimension.

Negotiations to add Venezuela to Mercosur have shown how Brazil is downplaying the trade dimension of regional integration and reemphasizing Mercosur as a means to strengthen Brazil's bargaining position vis-a-vis the northern countries. The consequences of Venezuela's adherence to Mercosur on Brazil's and the bloc's internal and external negotiations agenda were not even debated in Brazil. The Protocol of Adherence was negotiated in a surprisingly swift manner, falling short of presenting full details about the timetable and conditions for Venezuela to fulfill trade and economic obligations.

The lack of priority on trade-related topics and the expansion of issues in Brazil's regional agenda suggest a lack of focus on the South America integration process and in Brazil's strategies for the region.

3. Diagnosis

3.1 A neighborhood of growing importance for Brazilian interests

At present, Brazilian interests in South America (political, economic, security and defense, and cultural) are more significant and diverse than in the past. The region is undergoing a period of important economic, political and social changes that generate new opportunities as well as new challenges for the country's interests. Nevertheless, Brazil faces significant domestic and regional coordination hurdles to implement a cooperation strategy. This situation has been further complicated by the fragility of regional South American institutions, which has politicized ongoing disputes.

Despite the diversity of the agenda, South American integration issues have been scarcely present in the domestic public debate. It is not understood, in a systematic manner, what are the interests of a large number of different Brazilian sectors and social groups in the region. There is uncertainty as to how much space South America should occupy in Brazil's foreign policy agenda. Therefore, it is not known what degree of institutionalization and depth Brazil should propose for the process of regional integration. These questions permeate diverse segments of society and public bureaucracy.

Irrespective of Brazil's ill-defined strategy, regional relations are affected by the asymmetry between the size of Brazil and its neighbors. Even without explicit initiatives or policies, Brazil's actions have repercussions in the region. Regardless of the country's posture or its citizens' relative indifference towards regional developments, South American countries cannot ignore Brazil. Some countries have a diffuse expectation that Brazil may contribute to overcome regional challenges and needs while others fear the country's ambitions of regional hegemony.

The factors influencing Brazil's real integration with its neighbors are increasingly diverse. The regional market continues to be an important destination for Brazilian industrial goods despite its relative loss of importance for overall Brazilian exports in recent years. This relative decline is largely a result of the boom of Brazil's worldwide exports and particularly because of the strong global demand for Brazilian commodity exports.

Aside from trade, other economic issues have been gaining space in the agenda. The expansion of direct investment by Brazilian companies in the region is associated with the search for stable access to markets, a defense against exchange rate appreciation in Brazil, the use of the country's natural resources or even to take advantage of trade preferences negotiated by South American countries with third markets. This expansion is taking place at time in which - as a result of the recent experiences of Brazilian and non-Brazilian firms in some countries in the region - perceptions of political risk and consequently concerns with protecting these investments have increased.

The development of the physical infrastructure - a crucial factor for the development of intra-regional trade -, the regional business strategies of Brazilian firms and the reduction of freight costs of Brazilian exports to third markets are issues that have gained space in the agenda.

Energy integration is also emerging as a critical issue for Brazil. The fear of another national blackout has raised concerns over the security of energy supplied by neighboring countries, an issue that goes beyond the possibility of increased trade and the joint-exploration of energy sources. The emergence of conflicts between Brazil and its neighbors has sparked the debate over the energy dimension of Brazil's regional strategies.

On Brazil's agenda, new non-economic issues have also gained importance. One is the growth of transnational illicit activities that is facilitated by Brazil's extensive, porous and poorly patrolled borders, involving diverse problems ranging from drug trafficking to the spread of foot-and-mouth disease as well as various public authorities and actors. There is also the issue of the Triple Frontier and concerns about the financing of terrorist groups.

Another important issue is illegal immigration and problems faced by Brazilian communities in neighboring countries. The growing inflow of Brazilian migrants to countries like Surinam, Guyana and Bolivia and their success in the new land generate opportunities and problems that cannot be ignored.

The result is that there is an increasing demand for a Brazilian strategy in the region, part of which derives from the very important regional dimension that the Brazilian agenda of "global issues" has (such as the environment and the Amazon). The Amazon Cooperation Treaty (ACT) was a wasted opportunity for the coordination of policies in these areas. Even though Brazilian authorities made some half-hearted efforts to strengthen it institutionally by creating the ACT Organization (ACTO), they were unable to promote the activities of the organization.

The regional dimension is also important for attracting foreign direct investment to Brazil. Several multinational companies view South America as an integrated region in making investment decisions. For many of these firms, the regional dimension shapes their organizational structures, the allocation of resources and the distribution of products. Countless obstacles to the free circulation of goods, disparate regulatory environments and poor transport infrastructure have a negative impact on Brazil's ability to attract foreign investment.

Changes to the global economic landscape brought about by the emergence of China and India and their impact on production sectors in South America are another agenda issue that has significant implications for Brazil's regional strategy. Brazilian exports of industrial goods have been losing ground to Asian competitors in the region. Trade agreements between some South American and Asian countries have aggravated the risks for Brazilian exports.

3.2 Persistent difficulties for formulating a regional strategy

Despite the evidence that the relative indifference of Brazilian public opinion towards the region and the trade cooperation mechanisms created in the 90s can no longer cope with the complexities of Brazil's South American agenda, revising the country's traditional posture towards its neighbors is hampered by several domestic factors.

Among them there is a parochial, inwardly-oriented international relations culture, as is typical of countries with large territorial size; the predominance of a sovereigntist mentality - which refuses to delegate powers to supranational entities - in an important fraction of Brazilian elites (political, entrepreneurial, academic, and labor elites); in

addition to the absence of a South American identity. Equally significant are the difficulties of inter-bureaucratic coordination; the diffuse protectionism of business and bureaucratic sectors; the little importance that political elites attribute to regional issues, except under critical circumstances; and the insulation of foreign policy making from the play of domestic social and economic interests.

Added to these difficulties is the near absence in the Brazilian bureaucracy of a positive evaluation of the benefits of regional integration as well as the lack of importance of honoring obligations imposed by treaties signed with countries in the region. With the exception of the Ministry of Foreign Relations (MRE), most governmental agencies responsible for or that interfere in relations with neighboring countries take no account of the concept of integration in making policies or operational decisions. In other words, the regional dimension has yet to be included in the public policy matrix of most of government even when it is recognized that policies would stand to gain in terms of efficacy and legitimacy should their design and implementation take into consideration a cross-border dimension (regional, subregional or bilateral).

Although Brazil has negotiated free trade agreements with nearly all of its neighbors (except Guyana and Surinam), there remain persistent obstacles (such as non-tariff barriers, phytosanitary demands, problems of certification, technical norms and custom procedures) that impede their exports to Brazil. These barriers originate in the Brazilian bureaucratic, which upholds unnecessary requirements that hamper the growth of trade. These difficulties also affect business logistics and the physical integration of the region.

Internal coordination of the Brazilian foreign policy's regional dimension is also affected by other factors. On one hand, the government's push to advance Brazil's international protagonism (such as winning a permanent seat in the U.N. Security Council, the command of international organizations, the priority assigned to the conclusion of the Doha Round) reduces space for the region in Brazil's foreign policy and generates conflicts with neighboring countries regarding a convergence of interests and support for Brazilian intentions in international fora, particularly in respect to the country's Security Council ambitions.

On the other hand, the significant growth of Brazilian exports, led by a strong agribusiness, reduces the region's importance for Brazil's total foreign trade and lends greater importance to opening new markets for agricultural products outside South America.

Actors with widely different interests and levels of involvement in the region influence this agenda. For instance, industrial firms and service providers, especially in engineering and construction, are attracted to the region. Producers of foodstuff and raw materials, however, who have benefited from a growing international demand, argue that Brazilian efforts should be aimed at opening large consumer markets in both developed and emerging countries.

Territorial size and the diversity of interests that it engenders result in different views regarding the importance of South America across Brazilian states and regions. While Mercosur is a priority for states in the southern region, states in the North and the Northeast are mainly interested in strengthening ties with countries in the north of South America. For some, these initiatives are not seen as complementary, but as conflicting.

One can find such a diversity of interests even within the limited segment of actors for which South America is important: the federal government, specifically the Foreign Relations Ministry; public and private companies invested in the region; Brazilian immigrants living in neighboring countries and their national and intellectual networks; and a wide array of integrationist politicians.

In addition to domestic difficulties to define a strategy for the region enjoying social and political legitimacy - as opposed to actions that are a mere expression of private interests or of a particular public vision -, there are processes or initiatives over which Brazil has little or no influence and that increase the emergence of a cooperative ambience in the region.

Among these are the existence of the free trade and preferential trade agreements with countries outside the region; the priority assigned to domestic agendas in detriment of a regional one; the petrodollar diplomacy and natural resources nationalism which tend to foster tension between producers and consumers of these resources; and the increase of military spending in some counties in the region.

The competition from free trade areas established between South American countries and the United States or Asian countries has important effects on Brazil. Firstly, it increases the bargaining power of smaller neighboring countries that demand that structural asymmetries between them and Brazil be reduced. Secondly, as it increases competition from abroad in South American markets, it stimulates the Brazilian business community to rally in favor of regional integration. On the other hand, government circles tend to view the growing involvement of some countries in the region with outside partners as a factor that undermines the trade and economic components of a regional integration agenda.

The coexistence of economic nationalism and liberal economic policies in the countries of the region has interfered with the formulation of integration proposals. Different visions regarding the role of government in the economy as well as international insertion priorities have hampered regional integration in areas of great economic opportunities, such as the concession of public services and energy cooperation.

Brazil faces new challenges as more countries take initiatives that go against the goal of economic and political stability in the region. The nationalization of the oil and natural gas industries in Bolivia; the priority assigned to domestic interests over regional cooperation – as in the rift between Uruguay and Argentina over the “papeleras” -; and the increase in military spending, which could trigger an arms race in the region, are some of the new challenges. Brazil’s limited capacity to finance regional integration

initiatives has left open a space that has been largely taken over by diplomatic bilateral initiatives from Venezuela.

The petrodollar diplomacy actively pursued by Venezuela also poses important challenges to Brazil's foreign policy. Venezuela's admission to Mercosur will entail an additional difficulty for the bloc to negotiate with countries outside the region. Furthermore, Venezuela's Bolivarian foreign policy fosters a polarization among countries in the region as it politicizes existing divergences in trade and economic policies and attempts to impose its own political preferences on the regional integration agenda.

Finally, the increase in military spending by neighboring countries affects Brazil's national defense policy and its capacity for military dissuasion in the region, which has relevant repercussions for Brazil's foreign policy.

This set of external factors powerfully conditions the prospects for an ambitious redefinition of Brazil's agenda for the region and demonstrates that Brazil's foreign policy margin for maneuver is limited not only by domestic restrictions. There is a sufficiently large potential for economic and political tension between the countries in the region (Brazil included). This scenario certainly does not warrant a more ambitious revision either of Brazil's role in the region or of the goals of regional integration.

3.3 Synthesis of the analysis

Among the issues raised in the analysis, some are crucial for designing a new Brazilian policy for South America:

- i. The perception that the diversification of Brazil's interests in the region and deepening relations between Brazil and neighboring countries cannot be managed under Brazil's traditionally reactive regional policy.
 - a) Besides trade, there is a rising demand for a new focus on investments, energy integration and infra-structure development for South America;
 - b) Greater cooperation among countries in the region is needed to address urgent cross-border issues such as drugs and arms trafficking, immigration, regional security, and plague-control in agriculture and cattle raising;
 - c) Initiatives with a regional reach are required to deal with international agenda issues that interest Brazil, such as global warming and environmental protection.
- ii. The recognition that mechanisms developed in the 1990s is insufficient to address the complexities of current issues of interest for Brazil in the region.

- iii. The acknowledgment of the difficulties to implement subregional integration projects has led certain segments to claim a higher priority for non-trade and non-economic issues in the regional agenda.
- iv. The recognition in recent years that there is a specific regional agenda which is shaped by geographic proximity as well as by the opportunities and risks that it entails. Energy and infrastructure are two issues with a conspicuous regional dimension.

Such issues should take into consideration aspects of the regional and domestic ambience that limit the chances of success of excessively ambitious proposals for Brazil's policy toward South America.

On the domestic front, the shallowness of public debate, the unwillingness to delegate to or to share sovereignty with international institutions, and the existence of divergent views on the importance of the region for Brazil's international insertion have hindered the consolidation of a Brazilian vision for South America. In addition to that, fiscal restrictions have limited Brazil's margin for maneuver in financing integration enhancing initiatives.

On the international front, the crisis of existing integration projects in South America, the return of economic nationalism in some countries, the existence of divergent visions about the role of the government in the economy and the priorities for international insertion - and the politicization of these divergences in the relations between countries -, set limits to the degree of ambition concerning expectations for regional integration as well as for a revision of Brazil's policy for South America.

4. Revising Brazil's regional policy: different visions but common recommendations

Notwithstanding the existence of a significant level of convergence among task force members on the main issues of the report, there was no final consensus in regard to the best strategy for Brazil in South America. At the risk of oversimplifying, it is possible to identify two main visions among task force members:

- *Multifaceted integration*- This vision expresses the perception that Brazil is an indissociable part of South America and that the region should be granted the highest priority in the country's foreign policy agenda. Those who defend this vision call for the development of a deep integration strategy with the rest of the region.

In order to achieve such vision, the new integration model should stress a developmentalist approach to supersede the excessively commercialistic bias of the 1990s models. In addition to the new issues of the economic agenda - physical, production and energy integration -, the integration agenda should include the implementation of compensatory mechanisms to address asymmetries between as well as social inequalities within countries, and political issues. The

expansion of Brazil's policy agenda for South America should express the emergence of social and political forces whose interests are not represented in the commercialistic agenda and its integration model.

This group believes that a deepening regional integration is vital to project Brazil's foreign policy. South American integration is viewed as a means for Brazil to gain more leverage in order to expand its influence on international fora, to better defend its interests in negotiations with developed countries and, ultimately, to increase the importance of the region in international politics.

Taking into consideration today's diversity of political and economic models in contrast to the predominance of market democratic regimes of the 90s, the proponents of this vision tend to emphasize the principle of non-intervention in the domestic matters of other countries even to the detriment of a policy for the promotion of democracy.

- *Selective integration* - Other members of the task force recognize Brazil's diverse set of interests in the region but also believe that the country's strategy should address each issue individually.

For this group, a deep integration project of the region is neither inevitable nor necessarily desirable. Regional integration is not seen as a vital element of Brazil's foreign policy and the importance attributed to the region should be made relative to the country's increasingly geographic diversification of interests. Under such concept, the increased integration of Brazil into the world economy should be the main goal of its strategy of international insertion, steering its regional policy accordingly.

This group defends that Brazil's agenda for South America should prioritize economic and non-economic issues (such as transnational illicit activities) according to whether a regional dimension is effectively relevant for national agendas or for the solution of issues that affect all or some of the countries in the region. Top priority should be assigned to trade and commercial integration as well as to new issues of the economic agenda (investment, energy, and infrastructure).

The vision also values the defense and promotion of democracy in the relations with the countries in the region. The principle of non-intervention should be rendered relative to the attainment of the preceding objective.

The conditions for materializing either vision seem to be out of reach, given Brazil's current domestic and international restrictions to implement an ambitious strategy that would break away from traditional regional policies.

Without relinquishing the most ambitious goals of both visions, Brazil's strategy should seek to adapt initiatives to current restrictions and to pave the way for the adoption of a

more ambitious agenda. Such efforts presuppose that a great deal of pragmatism be brought to bear on the formulation of the regional agenda. Brazil must replace the reactive, “don’t-rock-the-boat” regional policy posture with a proactive stance that translates into a set of concrete regional, subregional and bilateral initiatives.

Even if they originate from distinct visions about the functionality of South American integration for Brazil’s interests, there is a set of recommendations deemed important by all task force members:

- i. The regional cooperation models of the 1990s are no longer adequate for the current South America ambience. There are other areas where cooperation among countries in the region is not only possible but also desirable.
- ii. New issues should be included in Brazil’s agenda, which has become more diversified and complex over the years.
- iii. Criteria for the incorporation of new issues onto Brazil’s regional integration agenda are needed. A relevant criterion for the inclusion of new issues should be whether a regional approach would be more efficacious in addressing specific problems than bilateral or subregional approaches.
- iv. One of the greatest assets Brazil has to offer to its neighbors is the size of its domestic market. Even if it is necessary to include new issues in the country’s agenda, trade integration remains the principal driver of Brazil’s regional policy. To that end, it is necessary that the country’s bureaucracy be committed to the elimination of non-tariff barriers to the free trading of goods. Brazil should also offer to the region’s less developed countries the total elimination of tariffs on imported goods.
- v. Energy integration (with emphasis on the security of energy supply), infrastructure development, and the establishment of common disciplines to stimulate Brazilian direct investment in the region are issues that satisfy the proposed selection criterion and demand a regional approach.
- vi. With regard to climate change, Brazil should take the lead in South America by developing initiatives to reduce carbon dioxide emissions from deforestation and by coordinating climate change-adaptive policies particularly in relation to the Amazon and areas of agricultural production.
- vii. Several transborder issues should be addressed urgently, especially illicit activities, immigration and plague control in agriculture and cattle-raising. Such issues need to be tackled through several approaches, including bilateral initiatives that cannot depend on the enactment of an extensive regional agenda.
- viii. Several aspects of Brazil’s regional agenda should be addressed through bilateral cooperation and relationships to pave the way for regionwide initiatives. In

addition to that, there are issues of relatively little regional relevance that could be profitably addressed on a bilateral basis (such as science and technology).

- ix. Brazil has different interests in the northern and southern parts of South America. Such differences suggest the need to develop subregional initiatives as part of the country's new stance toward the region.
- x. An effective Brazilian strategy in South America is largely dependent on domestic leadership able to promote interinstitutional coordination. This coordination involves different segments of the Executive branch's bureaucracy and requires a greater participation of Congress.

One of the task force's main findings was the lack of reflection from society about the relationships between Brazil and its South American neighbors. The design of a new strategy requires that different Brazilian social segments develop more mature opinions about the region.

The promotion of studies, seminars and debates involving different social segments, especially Congress as it represents the plurality of views and interests of society, is indispensable to develop a common vision regarding the most adequate strategy for Brazil's relations with the countries in the region.

Translated from the Portuguese by Priscilla Yeon, Intern, Brazil Institute of the Woodrow Wilson International Center for Scholars and graduate student at the Elliot School of International Affairs, George Washington University.



English translation reviewed by Amaury de Souza, Senior Partner, MCM Associated Consultants and Techne.