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**BRAZIL INSTITUTE** SPECIAL REPORT

## SHAPING U.S.- BRAZIL RELATIONSHIP AFTER THE SNOWDEN AFFAIR A CONVERSATION WITH AMBASSADOR THOMAS A. SHANNON

### *Introduction*

**Paulo Sotero**

For the past fourteen years, United States Career Ambassador Thomas A. Shannon has been directly involved in the U.S. government dialogue with Brazil, including as Special Assistant to the President, Assistant Secretary for Western Hemisphere Affairs and, most recently, as President Barack Obama's Ambassador to Brazil. In this latest capacity, he helped reshape the bilateral relationship, building high level dialogue mechanisms, focusing on common domestic priorities and increasingly shared global understandings, promoting commerce, investment, tourism, and facilitating engagement between our civil societies. In the closing months of his tenure, he also dealt with the fallout from the Edward Snowden allegations of surveillance, including the postponement of President Dilma Rousseff's State Visit to Washington, D.C. planned for October 2013.

Recently returned to Washington, D.C. Ambassador Shannon remains engaged in U.S.-Brazil relations. On December 24, 2013 he was appointed Counselor of the Department of State after serving briefly as Senior Advisor to Secretary John Kerry. He continues to be a strong advocate of a deeper and broader dialogue between the two governments. "We are appreciative of

the way in which the Brazilian government has handled the most recent communication from Edward Snowden to the Brazilian people and his effort to solicit some kind of asylum from Brazil,” Shannon said on December 19th, speaking on the outlook of the bilateral relations in the wake of the postponed state visit by President Rousseff. “The response of the Brazilian government is noted and welcomed by the United States,” he added. “As we look ahead, it is evident that what the Snowden disclosures have done, aside from creating a level of pause at one part of our relationship, has largely not affected this broader people-to-people and society-to-society engagement.”

Shannon recognized the “seriousness” of the Snowden disclosures and its adverse impact on the bilateral relationship, especially – he stressed – “on Brazil’s understanding of that relationship.” He acknowledged that the two governments will have to address the problem of trust created by the episode. Efforts in that regard are under way. On January 30, responding to an invitation by the White House, Brazilian Foreign Minister Luís Alberto Figueiredo travelled to Washington to be briefed by National Security Adviser Susan Rice on the results of the review of U.S. intelligence activities President Obama announced on January 17th. Speaking to reporters, Figueiredo said the meeting with Rice has not exhausted “the process of clarification.” He suggested, however, that only presidents Rousseff and Obama can resolve the difficulties created by the intelligence disclosures. “It is not a

conversation at my level, or Susan’s, that will lead to a better [bilateral] relationship,” Figueiredo said.

As the two governments look for ways of reestablishing a productive dialogue, efforts initiated by Brasilia to address the broader implications of the Snowden revelations have brought the U.S. and Brazil closer. In December, the U.S. supported a non-binding resolution on internet privacy proposed by Brazil and Germany at the United Nations General Assembly. The resolution was unanimously adopted after its proponents negotiated changes in the text to ensure support by the U.S. and other countries. In a significant parallel move, in January the Brazilian government invited the U.S. to join the steering committee of a global conference on internet governance called by President Rousseff in the aftermath of the Snowden revelations. The conference, to take place in São Paulo, in April 2014, is viewed in Washington as an opportunity to re-engage with Brazil on a matter of bilateral and global relevance.

“I believe that ultimately we are in a position with the Brazilians, because of this [the Snowden disclosures], to rethink our intelligence liaison relationships, because that is something Brazil does very poorly right now,” Shannon said. “This is largely because of their internal history and because of the relative smallness of its intelligence services. It is important to recognize that Brazil does not have an intelligence service that matches its global ambitions, and that in order to do that it really needs to build liaison



relationships with global intelligence services that are capable of helping it do the kinds of things and provide the kinds of services to its own government that ultimately it is going to need.”

The diplomat suggested that Brazil is in a privileged position to deal with this issue. “[The country] largely does not have external enemies, it does have adversaries, it does have people that are very interested in what is happening inside Brazil,” Shannon noted. Brazil, he continued, “is the subject and the object of cyber-assault every day, and Brazilians know this. And so they are looking for ways to build a capacity as they build out their economy. It is our hope that they will recognize that they have a useful partner in us, and that they need to see beyond their

own immediate concerns caused by Snowden to build out that partnership.”

Opening the event, Director, President and CEO of the Wilson Center, Jane Harman, applauded efforts by Washington and Brasilia to move past the Snowden affair. “I know a little bit about surveillance issues and I strongly disagree with what Edward Snowden did, nonetheless I welcome the public debate on surveillance,” said Harman, who served in the House Intelligence Committee during her nine term tenure as a representative from California. “As the two largest economies and two largest democracies of the Americas, the interests of the U.S. and Brazil are more convergent than divergent in the realms of business, defense, science, education, and culture,” she added.

“As Tom Shannon likes to say, the challenge for the U.S. and Brazilian governments is to catch up and align their policies to this reality. And that is why Tom Shannon is here today, to help us understand the landscape in this, hopefully, post-Snowden era.”

Former U.S. Ambassador to Brazil and Chair of the Brazil Institute Advisory Board, Anthony S. Harrington, introduced Shannon to the packed audience. “As ambassador to Brasilia, Tom was the architect of rapprochement between the U.S. and Brazil after a period of some malaise in the relationship,” he said, referring to disagreements on the Honduras constitutional crisis and Iran nuclear policy in 2009 and 2010. “In March 2011, less than three months after President Rousseff’s inauguration as the first woman president of Brazil, President Obama made an unprecedented early visit to Brasilia. In his address to a very large congregation, President Obama observed that it was high time that Brazil and the U.S. enjoy a level of engagement on par with that the U.S. maintains with China and India, for example,” recalled Harrington. “The presidential visit helped reset the relationship. President Rousseff’s openness and engagement with President Obama was clearly an important and constructive step that was followed by President Rousseff’s visit here in April of last year. Interestingly, she set the theme for her visit at the Brazil-U.S. Strategic Partnerships for the 21<sup>st</sup> Century. Hence, agendas were set at the presidential level.”

Harrington credited Shannon for the high level outreach and engagement that

led to the invitation by the White House to President Rousseff for what would have been the first state visit to Washington by a Brazilian president in more than 18 years. “All of you are aware of the unfortunate developments that led the two presidents to announce a postponement of the visit.” Harrington expressed his hope that “the review of the National Security Agency intelligence programs ordered by President Obama will resolve questions raised in Brazil that are recognized as legitimate in Washington, despite the unfortunate way in which they emerged.”

“Having tended and paid attention to the relationship since I was ambassador, I believe the reasons that led President Obama to make the invitation and President Rousseff to accept remain entirely valid and current. Further and deeper engagement is in the interest of governments, their respective civil societies, and the business sector, whose interest and policy objectives in both countries are remarkably the same,” concluded Harrington. As director of the Brazil Institute, I moderated the event and edited this report, with the assistance of Michael Darden, Brazil Institute Program Assistant, and Anna Carolina Cardenas, the Institute’s intern.



*Ambassador Thomas A. Shannon:*

I spent nearly four years in Brazil, having left in September to come back to Washington to work with Secretary Kerry on broader issue – I am being globalized. However, my interest in Brazil has not waned – quite to the contrary. As Brazil inserts itself even deeper into the world, it will not let me go, and so, I will continue to have a profound interest in the U.S.-Brazil relationship, and especially in the strategic side of that relationship as both Brazil and the United States look for ways to share understandings of the world and to chart cooperative paths that I believe will benefit both of our countries. Nearly four years ago in January of 2010, I was kindly invited by the Brazil Institute to speak here before I went off to Brazil as Ambassador. In that instance, I made a few assertions: the first was that although Brazil had been described as an emerging power by many analysts, I said that I did not agree with that, that it was not emerging, that in fact it had already emerged and it was already exercising a role as an important global player that needed to be recognized and understood.

Secondly, I said that Brazil's emergence was really the product of its own domestic transformation as it addressed long-standing social inequities like poverty, inequality and

social exclusion, built a functioning democracy, and created one of the largest economies in the world. I explained that this economy was building a large consumer base middle class that was globalizing as it developed, and that Brazil's emergence into the world and its assertion of global ambition was putting Brazil in contact with the United States and parts of the world where historically Brazil had not been present before. This new engagement

with Brazil, whether it be in the Middle East, whether it be in Africa, whether it be in Asia, or more broadly in the Americas, such as in the

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Caribbean and Central America, meant that the United States had to understand Brazil in a different light and that Brazil also had to rethink its relationship with the United States as we look for a way to accommodate this new global interest.

Finally, I noted that while Brazil and the United States historically had been friendly, there had also been a certain polite distance as both countries had gone about their business but that increasingly we had seen more connectivity between our societies and between our peoples that was going to ultimately affect our diplomacy and our foreign policy towards each other. I noted that with time our societies and our peoples were going to become the principal drivers of our relationship and not our governments, and I

would argue that I was right in all of those assertions and that, if anything else, my nearly four years in Brazil have convinced me that they are still valid and actually still very much alive in shaping the U.S.-Brazil relationship. Although Brazil has seen its own fair share of internal political effervescence last June with the many demonstrations that we saw across the streets, from our point of view this is evidence of the health of Brazilian democracy and the fact that there is broad public space for citizens to demonstrate and protest and make their views heard, and that Brazilian institutions have the capacity to respond to them in a meaningful way. As we look ahead I think we understand that Brazil's domestic transformation, because it was done within a democratic context and because it was done largely within a market context, has shown that democracy and markets can deliver development and that democracy and markets are not about status quo or protecting privileges, but about creating space with the right kind of social policy and the right kind of approach to development so that the people themselves can have a central role in determining the developmental direction of a country.

This is a powerful message. It is a powerful message from the point of view

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of the United States and it is a powerful message from the point of view of countries around the world that are facing challenges that Brazil has faced. Whether it is moving from authoritarian government to democratic government, whether it is moving from closed economies to open economies, whether it is moving from independent development models to ones of regional integration, or whether it is moving from isolation to globalization, I think Brazil has laid out a pathway that should be encouraging. It should serve as an example not just to the United States as we look to influence the world in ways that are meaningful to us and concurrent with

our values, but also, to countries as they try to determine how they can harness the peace and stability that democracies and markets can offer to address really significant social challenges and historic social challenges. From our point of view, our ability to work and engage with Brazil is becoming increasingly important. I speak of engagement not just bilaterally but globally, as we try to shape areas and methods of cooperation, whether it is in foreign assistance in either agricultural development areas or public health areas, whether it is in promoting non-proliferation, the peaceful resolution of disputes or fashioning broad trade agreements.

As I noted before, one of the striking

things that has happened over the past several years has been the growing connectivity between our societies and our people. The most clear and dramatic evidence of that obviously is in tourism – especially in the enormous demand for visas that we have seen coming from Brazil and the flow of Brazilian tourists and students to the United States. Over the past 10 years our visa demand has increased by over 600 percent. It increased 32 percent last year and it continues on an upward swing even with a Brazilian economy that has slowed considerably and an exchange rate that has declined as far as the Brazilian consumers and tourists are concerned. This indicates that Brazilian society is globalizing at a fast rate, that the United States still holds significant fascination for Brazilians, and that Brazilians are connecting broadly in the United States, whether it be as tourists, as students, as investors, or whether it be as exporters or importers. In this regard, I think that what we are seeing increasingly is a response from the United States, a growing interest in Brazil, an increase in tourism, although not at the same level that we are seeing on the Brazilian side, but certainly a dramatic increase in business and investment areas. The travel of governors, mayors, and state economic development leaders of business to the U.S. has been quite remarkable. We have seen a significant

## BY INCREASING THE CONNECTIVITY BETWEEN OUR PEOPLES AND OUR SOCIETY WE ARE CREATING A CONSTITUENCY THAT WILL DEMAND OUR GOVERNMENTS TO RESOLVE PROBLEMS

increase in our bilateral trade, over \$76 billion in goods and well over \$100 billion in goods and services. This is a trade potential that has only been barely exploited – there is a lot more that can and should be done. The focus of our relationship on building out that commercial and investment relationship has been one of the priorities of this administration, certainly one of the priorities of Secretary Clinton, and remains a priority of Secretary Kerry, which

he expressed during his visit to Brazil.

What is striking about the emergence of this new connectivity is that, increasingly, our societies will determine the direction of our relationship, and in the process of doing

so, both of our governments, by encouraging this, have been building a ballast in the relationship that help us in rough times, similar to saving for a rainy day. By increasing the connectivity between our peoples and our society we are creating a constituency that will demand our governments to resolve problems that they might not be either willing or prepared to address in the immediate moment.

The larger point I wanted to make is that as we looked at this relationship over the past several years, our purpose was to build what we called a 21<sup>st</sup> Century Partnership. That was what I told the press when I arrived

in Brasilia in early February, and it has become a mantra of the relationship; in fact, it was used as the slogan of our relationship when President Rousseff visited the United States for the first time. As we built out this 21<sup>st</sup> Century Partnership, as we realized we needed to build a much more solid and more robust dialogue structure, we also realized that we needed to focus on not just the frequency of dialogue but also the quality of dialogue. We needed to connect our governments at ministerial levels and at leader levels to ensure that our bureaucracies had clear direction and impetus to move forward on issues that were important to us and we also discovered that as we talked and as we built a dialogue around key issues of importance to us, our points of view converged. This does not mean that they were always the same; in fact, there are still some stark differences, but what was important is that we did find important areas of cooperation and concern, such as climate change, food security, the fight against transnational crime and the proliferation of weapons, just to name a few.

As we did this we also recognized that we needed to build a 21<sup>st</sup> Century platform for this relationship. We need to go back to the point in time when we had consulates in Porto Alegre, Belo Horizonte, Belém, Salvador da Bahia, along with our embassy in Rio de Janeiro and consulates in São Paulo and Recife. Over time that has shrunk down to an embassy in Brasilia and consulates or consulate generals in Sao Paulo and Rio and Recife. If you think about it, having consulates

on the coast and having an embassy in Brasilia would be like trying to cover the United States from Boston, Washington, and Miami with maybe an embassy in Cleveland. It does not work diplomatically, or in terms of our commercial activities and in terms of what we are trying to do in our people-to-people outreach.

The President's decision to authorize us to reopen consulates in Porto Alegre and Belo Horizonte was an important first step towards expanding our presence on the ground and to tapping, not only into a very large passive population of potential visitors to the United States, who had not been able to travel because they were unwilling to travel all the way to the coast or to Brasilia to look for visas, but also expanding our commercial and investment outreach. It is my hope that with time we will be able to expand our presence even further and build back the kind of geographic presence that we need to address successfully a country of continental proportions like Brazil. Additionally, another important component of our 21<sup>st</sup> Century Platform is rebuilding our cadre of Brazil experts.

For those of you who follow this, Brazil was a centerpiece of our hemispheric diplomacy for a long time and because of the many consulates we had in the region, and our USAID and Peace Corps presence, the U.S. government had a large cadre of Portuguese speakers, a large cadre of *Brazilianists* who understood the country, who knew it well, who had lived there and



sometimes served there for several iterations, and who the U.S. government could call upon to help it understand what was happening in Brazil. Through the '80s and '90s and through attrition, that changed because of the Central American wars and because of the crisis in the Andes. Much of our hemispheric policy really became Spanish-speaking focused and because of the decline in USAID presence, the exit of the Peace Corps, and the decline in our geographic presence, we actually began to lose, in the bureau of Western Hemisphere Affairs, our Portuguese language expertise and our *Brazilianist* expertise and we ended up drawing upon many of our officers from Angola and Mozambique and Cape Verde and Portugal. But, all that has changed because of the enormous demands for visas, the personnel demands that we have to staff our visa sections, and we now have hundreds of young officers who have done their first and second tours in Brazil who speak Portuguese, who have traveled throughout the country, who know it well, and as we open new consulates we are creating new spaces for them to travel through Brazil for several tours. So we are replicating what we had several decades ago and I think this is going to be very important for our diplomacy because it is going to create not only a familiarity with Brazil but an understanding of how we need to deal with Brazil over time.

## THE U.S. AND BRAZIL CONTINUE TO BUILD A STRATEGIC PARTNERSHIP THAT GOES BEYOND A TRANSACTIONAL RELATIONSHIP WHICH HAS DEFINED OUR TIES FOR SO LONG

Obviously, as we look ahead, we remain convinced that the United States and Brazil continue to build a strategic partnership of 21<sup>st</sup> Century proportions. By strategic partnerships what I mean is something that goes beyond a transactional relationship which has really defined the U.S.-Brazil relationship for so long. In other words, what can either country get from each other? How things change with a strategic partnership is, obviously the transactional nature remains,

to a certain extent, but both countries work together to shape common understandings of the world and common understandings of how we are to

operate in the world. This can only be done through the kind of dialogue that we have been building over time. Now, unfortunately, the decision by both presidents to postpone the October state visit, which was the product of the Snowden disclosures, has created a significant challenge in our efforts to build this type of strategic partnership because it has interrupted a dialogue that was nascent but of growing importance and which held huge potential. I believe that we can recover that moment and that we have to recover that moment for the benefit of both countries and not just our governments and not just how our states position themselves in the world, but more importantly for our own citizens as we

try to understand Brazilian investment in the United States and U.S. investment in Brazil and how the connectivity that I talked about earlier can enrich the lives of our citizens and how we can show that our diplomacy has a relevancy to the daily lives of our citizens that really will make it unique in our larger diplomatic efforts in the hemisphere, and in many ways, in the world – underscoring the importance of what I call social diplomacy.

As we have attempted to deal with the disclosures issue, we of course have engaged with Brazil at several levels, many of which are well known. We engaged with them technically with our intelligence community led by our Director of National Intelligence, James Clapper, meeting with the Brazilian delegation to address their immediate concerns about the disclosures. There was also what we call a political engagement, in which the Minister of Justice traveled to the United States to meet with U.S. officials, including the Vice President of the United States, to express Brazil's political concerns, and then several conversations and meetings between President Rousseff and President Obama as they tried to sketch out a pathway forward out of this challenge in the larger relationship. As many of you are aware, on December

18th, the White House released the results of the presidential review group that was investigating the impact of technology on information and intelligence gathering, which is really the first step towards a larger review of how the United States does signals intelligence, and which will ultimately form the basis for us to reengage with the Brazilians and make our own suggestions about the best way forward in that relationship. As we have done this, the Brazilians have been attentive and have waited with a certain expectation to

what we are going to be able to offer them and how we are going to be able to move forward in the aftermath of the disclosures problem and challenge. We do not have that clear pathway yet, but we will, sometime in

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the new year, when we finish our larger inner agency review and have a chance to take a look at the recommendations that have been issued by the review group up to this point.

It is worth noting that as the United States and Brazil have engaged on disclosures –related issues in international forum, whether it be UNESCO's General Assembly in Paris or whether it be in the second committee at the U.N. General Assembly-resolutions related to disclosures have been presented. The United States and Brazil have collaborated with other partners who are interested in

things like the internet governance, privacy as a human right, and the role of espionage, within the structures of international laws and regulations. We have been able to fashion texts that the United States has joined consensus on and this is a significant and important step because it realizes that both of our governments have the capability of understanding the concerns of the other and addressing them within a larger international environment where there are many equities at play. Yesterday, the U.N. General Assembly voted on a resolution that came out of the third committee in which, again, we were able to join consensus, and I believe that is a very positive sign.

We are also appreciative of the way in which the Brazilian government has handled the most recent communication from Edward Snowden to the Brazilian people and his effort to solicit some kind of asylum from Brazil. The response of the Brazilian government is noted and welcomed by the United States. But as we look ahead, it is evident that what the Snowden disclosures have done, aside from creating a level of pause at one part of our relationship, has largely not affected this broader people to people and society to society engagement. In fact, what we have found both among U.S. businesses and Brazilian businesses is a deep and abiding hunger to continue our engagement, and to

continue to look for ways to fashion an even more fluid and more productive business and investment relationship between the two countries. In this regard, we have an awful lot to work from. We continue to see a huge flow of Brazilian students to the United States, which is going to continue to have a big impact on American universities and especially American graduate programs. The influx of Brazilian students is the largest influx of students from the Western Hemisphere that we have seen in the 21st century. Of course, as

I indicated earlier, the visa demand has not slacked off at all; quite the contrary, it continues to grow at an important rate.

This, I believe, creates a certain urgency for both governments to find a way to address the problems and the questions raised by the Snowden disclosures and this is what we are committed to and we are committed to a larger relationship with Brazil that understands that we occupy different places in the world, that we have, in some instances different sets of interests, but that ultimately we are committed broadly to interests that are similar and compatible.

As we think about the U.S.-Brazil relationship, it is really worthwhile to take a step back and understand how it fits into a larger international environment. Many of you are familiar with the phrase “the long war” by General John Abizaid, who in the

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aftermath of 9/11 said, “while we might walk away from our enemies, our enemies will not walk away from us,” and that we need to be prepared to fight them whenever they appear and in whatever form they appear. I would argue that although the United States still faces very significant security challenges around the world, and that while we still have enemies that will pursue us wherever we are, we are in a different kind of environment right now. We have seen the rise of China and India, the insertion of these giant societies into international economies, and the emergence of significant countries such as Brazil, Turkey, South Africa, Nigeria, Mexico, and Indonesia – all major regional powers with global ambitions. With this we have also seen the emergence of peoples and societies as major drivers and definers of so much of our foreign policy and diplomacy. We are in a time and space where, while we protect our security, we need to understand that our future well-being is all going to be about building partnerships and building alliances. This is going to require a new focus and energy in our diplomacy. While “the long war” might still be present for us, we have the immediacy of a long diplomacy that is going to require us to rethink how we engage in the world and the kind of partnerships we want

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to build.

In this regard, our relationship with Brazil can be a bellwether for many reasons that I have already described here. But, it is also important to understand that Brazil is a country that has emerged into the world almost entirely through its soft power, and is a part of a larger network of countries that are calling on reform and renewal of international institutions at a time in which there has been no cataclysmic event that forces us into reforming or renewing these institutions, but a clear recognition that the institutions are becoming increasingly less relevant and increasingly less capable of addressing some of the very large problems and concerns that the world faces. Our ability to reestablish momentum in the U.S.-Brazil relationship, and to ensure that it gets back on the kind of meaningful track that both of our governments and our societies want, is going to have a big impact on our ability to conduct this kind of long diplomacy because ultimately, many, many years from now as historians look back on this time, much of what we consider to be important will not be seen as important. In fact, much of what occupies our every day will fall away and become the chaff and dust of history.

What will be remembered and will be judged by historians is our ability to

accommodate these rising powers to transform and renew the institutions that we have created over time; to be responsible to the larger challenges that the world faces and to do so in ways that not only promote international peace and security but also promote prosperity and the ability of individuals to achieve not just a place for themselves in determining national destiny, but a place for themselves in determining their individual destiny. This means not only opportunity and resources, but it means an environment in which each of us is respected. The United States and Brazil, because of our broad commitment to democratic values, to human rights, to open societies, are in the unique place to do this, and therefore there is urgency for us to recapture the direction and purpose of our relationship, and I hope you all share this belief.

This year is the 100<sup>th</sup> anniversary of the Rondon Roosevelt scientific expedition to Brazil, which was so wonderfully captured by Candice Millard in her book “The River of Doubt.” I have a picture in my office of Rondon and Roosevelt standing on the foredeck of a vessel as it sailed up into Mato Grosso where they depart and began their land trek to the River of Doubt before they began their journey downstream. It is a remarkable photograph because Rondon is dressed in navy whites with white shoes, his

hair slicked back elegantly, erect, head back, chest out, obviously proud of where he was and what he was doing. Roosevelt was dressed in camping clothes, with his hat off, his hair messed up, his glasses slightly awry and slightly scrunched and looking at the cameras as if he was wondering what was happening. It was a remarkable moment in the sense that it captured enormously proud and successful Rondon with a Roosevelt who had seen and

done much and still had much more to do in his life, but what was striking about that trip, of course, is to have two men of such large egos, large purpose, and large experience in life in such close quarters for

so long and to have them travel down a river with no hope of ever coming out alive at the end, but just an anticipation or an expectation that they were on a historic journey that was going to identify the source of the Amazon, and accomplish something that was going to be important to Brazil and to the world. I believe that, in many ways, this is an image for a larger U.S.-Brazil relationship that recognizes that friendship and courage and purpose can accomplish a lot in this world.

## HISTORY WILL JUDGE OUR ABILITY TO ACCOMMODATE RISING POWERS TO TRANSFORM AND RENEW THE INSTITUTIONS THAT WE HAVE CREATED



## *Discussion*

**You mentioned that Brazil-U.S. relations are, in large part, determined by their societies. In order for that to continue, how should the U.S. address concerns about surveillance raised in Brazil by both government and society after the Snowden disclosures?**

One of the greatest challenges of democratic societies, of course, is to create space for the kind of dialogue that we have to have now, and that is one of the reasons the President decided to name a presidential review group to look specifically at signals intelligence gathering, and the impact of information technologies on the 21<sup>st</sup> century, and have a space in which people could talk about this publicly.

One of the challenges with issues of intelligence gathering is that much of it cannot be talked about publicly, for all of the reasons people are familiar with. Hence, I believe the presidential review group has done a good service in laying out a universe of options for the United States that will serve as a basis for a larger conversation. As far as Brazil is concerned, we have a lot of work to do, as do the Brazilians themselves, and that is going to have to take place at a variety of levels at the same time. Some of this is going to be done between our leaders, some of this will be done between our diplomats and our intelligence officers, but some of this is going to be done more broadly in the public sphere. One of the

opportunities that has been presented to us by the disclosures is really an ability to engage with our publics about intelligence work in the 21<sup>st</sup> century and understanding in many ways what information technologies mean for us. If you look at the disclosures issue closely, what you really have is a mapping of 21<sup>st</sup> century technologies and a mapping of the Internet and recognition that the way we communicate is changing fundamental understandings that we have about things like privacy and individual agency and our own behavior. Much of this is not related to intelligence agencies at all; it is related to large companies and how they use bulk data and metadata, and how they predict and try to influence how consumers behave. In many ways, we have been offered, at the beginning of the 21<sup>st</sup> century, a window into this century, and it will allow us to make some fundamental decisions, not only about how intelligence is gathered, but how we want to structure information in our communities and societies.

**The American government has begun to discuss a new date for the Brazilian president's visit to the U.S. Have you received any sign from the Brazilian side that they are open to setting a date for the beginning of next year? Considering your personal experience in Brazil, how frustrated were you with the postponement? We have already seen concrete consequences from the disclosures such as the move by the Brazilian government to buy Swedish jet fighters rather than American ones. What**

**is your perception on this?**

I had the pleasure of beginning my tenure in Brazil with Wiki Leaks and ending it with Snowden. So what I tell people is: Pogo was right. We have seen the enemy, and he is us. However, diplomacy and representing a country like the United States is not about personal experience. It is about a responsibility and a duty not only in this regard to President Obama and the United States government, but more broadly to the people of the United States of America. It is an enormous honor and privilege, so we just try to do the very best we can. I have deep affection for Brazil. I have deep affection for Brazilians and tremendous respect. I think Brazil is a great nation that has accomplished great things and that will continue to do so over time. I am deeply committed to the U.S.-Brazil relationship and to building the kind of partnership I talk about. Finding myself in a situation in which we were going to have to slow down what we were doing diplomatically or look for other ways to express this partnership was frustrating.

At the same time, however, these are challenges that in an odd way we relish because it allows us to show what we are capable of. It tests our conceptual understandings of relationships and it allows us to expand the context of our diplomatic activity. In terms of the decision yesterday related to the FX2 – first of all congratulations to the

IN TERMS OF THE DECISION  
RELATED TO THE FX2, OBVIOUSLY  
WE ARE DISAPPOINTED

Swedes and to the Brazilian Air Force. This is something that they have wanted for a long time. Obviously, we are disappointed. Boeing did tremendous work in Brazil and will continue to do tremendous work in Brazil led by Ambassador Donna Hrinak and the great Boeing teams that have come down to Brazil. Yet, this will not affect the kind of cooperation we have developed over time with the Brazilian Air Force. We have seen clear signs from the Brazilian government that it

is prepared to engage with us in a meaningful way on issues related to disclosures, especially in response to Snowden's request for asylum, whether it be in international settings such

as UNESCO and the U.N. General Assembly. So, in that regard, I feel pretty good about where we are right now. About rescheduling the state visit, this is an ongoing discussion we are having. I believe our conversation with the Brazilians has to ripen a little bit before we can get a response from them.

**There are many in Washington who are skeptical about U.S. engagement with Brazil. Some of the bureaucracies that work on regional issues have a tendency of understanding Brazil, and its reactions, as "anti-American." There is a long list of issues that are pointed to as proof that the U.S. cannot have the strategic partnership with Brazil that you are advocating for. Can you please address those arguments?**

As we build this relationship, there will be skeptics on both sides. And there are skeptics beyond Brazil and the United States for all the reasons you described. On the U.S. side there have always been people who have tended to view Brazil within a South American context and tended to view it as a country that has behaved differently than many of our partners. It is sometimes viewed as attempting to limit and frustrate our influence and presence, especially in South America. On the Brazilian side, there have been skeptics who wonder, sometimes quite loudly, about the value of Brazil attaching itself too closely to a country like the United States because of what they perceive as the asymmetry in power and interests and especially the global reach of the United States and the extent to which Brazil finds itself sucked into our wake and forced to participate in things or act in a way that it does not feel are in its best interest over time. Part of our challenge has been to address those skeptics and reshape understandings of the relationship, recognizing that there is a certain degree of truth on both sides and that our interests at times do clash and that our ambitions sometimes work at cross-purposes, but that the convergent parts of the relationship are more important than the divergent parts of the relationship and that we have to be able to manage those parts of the relationship that are problematic while we try to build out and expand those parts that function well.

In many ways, the reason I talked a bit about the long diplomacy is because this is really the challenge of diplomacy, and this is the larger challenge we are going to face with Brazil. If we are looking for in Brazil a country that is going to follow our lead at all times, and if the Brazilians are looking to the U.S. a country that is prepared to meet its every need when it comes to market access or some other interest it is pursuing, then both sides are going to be disappointed and the relationship is going to be troublesome. But if we are able to build common understandings of the world where we can work together in meaningful fashion, then I think there is a lot we can do and the potential for a productive, fruitful, and positive relationship grows. I think it needs to be taken advantage of.

**You give such a coherent presentation, and I know that you choose your words very carefully. When addressing the NSA issue, you used the phrase “the disclosure problem,” which makes it seem less serious than I think it really is. It is not just on a human rights level (right to privacy), but also on a commercial and political level. It fundamentally has to do with trust. I think that discounts the seriousness of what is happening, and I would like to hear you respond to that. On a second note, you spoke about the large number of Brazilian students coming to the United States, but how is it going from the U.S. to Brazil? Can you speak about that and where you see that going in the future?**

I will address your second question first. The number of American students going to Brazilian universities is less. I do not have the exact figures, but I think that is going to change over time. Historically, when Americans have done overseas university stints, it has been focused on Europe – largely the U.K., Spain, Italy, and France. That is starting to change. Now we see more Americans going to Mexico and Argentina, and our hope is that, as we build out, we will begin to build a larger U.S. presence in Brazilian universities. In order to do that successfully, we need the help of Brazilian universities.

Many Brazilian universities are not equipped to take international students easily. They do not have dormitories, they do not have international student programs, and so it tends to fall to the student to find a place to live. They end up relying on the support of networks, but while some young students are good at building those networks, other students are not, and they want a sort of “package deal.” There are a few Brazilian universities that are beginning to understand this, and are beginning to try to fashion mechanisms that will allow them to attract foreign students more easily, and not just from the United States, but from elsewhere.

One of the things that we hope to be able to do over time with the Science Without Borders program, is use what is really a student exchange program to build relationships

between institutions, between the universities, and to use that to facilitate the movement of faculty, of services, and eventually to break down the closed-shop nature of universities. Especially when it comes to things like credit and degrees, so that they can be shared easily. Now, this is a long term revision, but it is really our hope, over time, to take a program which is really just about exchanging students, and use it to build relationships between our educational systems and our laboratories and our research institutes that are going to provide a much more vigorous and productive relationship for both countries.

In terms of disclosure problems, challenges, crisis, outrage – you pick the word. You are right, I choose my words carefully. Because again, we could call it something else, you could just call it treason.

## But that focuses on Snowden...

I agree. Again, what I want to be able to do here is recognize the seriousness of the issue, recognize the impact that it has had on the relationship, and especially on Brazil’s understanding of that relationship. But, put it into a context in which it does not overwhelm that relationship because I do not think it should. When Antonio Patriota was foreign minister he said it cast a dark shadow on the relationship. And others have used words like “trust” and “respect,” and obviously we

IT IS IMPORTANT TO RECOGNIZE  
THAT BRAZIL DOES NOT HAVE  
AN INTELLIGENCE SERVICE THAT  
MATCHES ITS GLOBAL AMBITIONS

are going to have to address all that in some fashion, but at the same time, I believe that the Brazil end of this has been exaggerated for political purposes, not by Brazilians themselves, but by Snowden's handlers.

I believe that much of it has been taken out of context. I believe that ultimately we are in a position with the Brazilians, because of this, to rethink our intelligence liaison relationships, because that is something Brazil does very poorly right now. This is largely because of their internal history and because of the relative smallness of its intelligence services. It is important to recognize that Brazil does not have an intelligence service that matches its global ambitions, and that in order to do that it really needs to build liaison relationships with global intelligence services that are capable of helping it do the kinds of things and provide the kinds of services to its own government that ultimately it is going to need. Brazil is in a privileged place right now. It largely does not have external enemies, it does have adversaries, it does have people that are very interested in what is happening inside Brazil. It is the subject and the object of cyber-assault every day, and Brazilians know this. And so they are looking for ways to build a capacity as they build out their economy. It is our hope that they will recognize that they have a useful partner in us, and that they need to see beyond their own immediate concerns caused by Snowden

**BRAZIL NOW NEEDS TO BUILD  
A GROWTH MODEL THAT IS  
BASED ON PRODUCTIVITY  
AND COMPETITIVENESS**

to build out that partnership, especially as they look towards the World Cup and the Olympics. However, this is much bigger than intelligence issues; this is really about how a modern society manages the kind of data that is flowing through our telecommunications systems and our information hubs. It is going to require a response that is, or at least a thought process, that is much larger than the one we have going right now.

**There are indications in Brazil that Brazilians are starting to feel a little bit isolated in international commerce due to the formation of the Pacific Alliance, the TPP negotiations, the TTIP negotiations, and others. On the other hand, the Brazilians seem to still be hog-tied by their participation in Mercosur and by certain kinds of barriers within their own still quite protectionist society to be able to make a breakthrough on trade issues. They have been talking with the E.U. for many years and have not gotten far on that. That is one of the points that will be most important for strengthening the overall bilateral relationship between the U.S. and Brazil. Could you say a few words about that?**

We want more trade and investment. That is why Brazil is one of the focuses of the President's National Export Initiative. It is why it is one of the focuses of the Select USA initiative designed to bring investment from overseas to the United States. We are



prepared to go to great lengths to achieve that. What is heartening is the very strong push from large industrial confederations like CNI on the bilateral trade relationship and on trying to find ways to overcome aspects of Brazilian trade and commerce, especially their historic market reserve policies that have limited our ability to penetrate certain markets. In this regard, the negotiations that are ongoing between Brazil and the European Union are an interesting bellwether, because it is increasingly clear to Brazilians that they have large opportunities in Europe, but they are being held back for a variety of reasons, some of them domestic and some of them related to the Mercosur relationships, and obviously we are not calling on anybody to abandon their alliances or their relationship trading structures.

It is up to each country to make these decisions, but a relationship between Brazil and the European Union could put someone in the position where you could imagine a triangulation. As the United States builds its transatlantic partnership, triangulating into South America or into the free trade agreements that exist in South America, or into the kind of agreements one might fashion with Brazil, would be a very interesting possibility, and one that I think would create a kind of a fascinating grouping of markets as we look across into Africa and also into Asia. Brazil has come a long way in a fairly short period of time, and when I was there the first time around from 1989-1992, the thought that Brazil would be the home of major global companies, and that it

would be a growing investor in the United States, that a company like Odebrecht would have numerous subsidiaries operating in the United States and that Embraer was going to be a major supplier of regional aircraft, really did not cross many people's minds. In a very short period of time they have covered a lot of ground, but they have got a lot more ground to cover.

## **How does the recent decrease in GDP growth and the increase in economic concerns in Brazil affect the U.S.-Brazil relationship?**

I think it is indicative of the changes that are going on in Brazil and the challenges that Brazil faces. If you look at what Brazil has been able to accomplish, it has done a lot of this on a consumer driven growth model. That model has run its course. Brazil now needs to build a growth model that is based on productivity and competitiveness. The challenges the Brazilian economy faces are several. The biggest and most pressing is infrastructure. In other words, how do you build the ports, the highways, the railways, and telecommunication systems that you need in order to move goods and services? And how do you do it in a timely fashion? Brazil is the second largest food exporter in the world, but it still cannot get all of its product to the market, the port, and to the foreign destinations that would happily buy Brazilian product. It has huge infrastructure needs that have to be addressed. It has significant human resource needs that have to

be addressed as it builds out the managerial cores and the worker core that it needs to fashion a 21<sup>st</sup> century economy. And then of course, it has regulatory drag on it, whether it be in its labor regime, its tax structures, or the other regulations and rules that determine how you start business, and more importantly, how you close businesses.

These are not problems that are hidden or unknown, and the Brazilians understand this and have an advanced dialogue on how to address them. In many ways, the infrastructure issues and the human resource issues are the easiest ones to resolve because they involve investment. Whereas the regulatory drag is the hardest because it is political, and it involves taking on significant entrenched interest within Brazilian society. In some ways President Rousseff has inherited the toughest part of Brazil's economic transformation. Fernando Henrique Cardoso cleared the space fiscally and monetarily for a long term positive growth path and President Lula was able, through his social programs, to inject the capital into the system so that Brazilians could take advantage of that long-term growth path, and profit from it, and drive growth rates that were quite high. However, President Rousseff took over this model just as it was kind of hitting a wall, and so it is really up to her to find a new way to address the challenges in the Brazilian economy. Her challenge is probably the toughest of the three.

### BRAZIL TRIES TO BE VERY CAREFUL IN TERMS OF HOW IT DEALS WITH ITS NEIGHBORS

The good thing is, as Brazil has worked through these different parts of its economic development, it has globalized. It has become very aware of what is happening elsewhere in the world. And so I do think that Brazil is up to these challenges, the question is really how fast? In this regard, Brazil is uniquely positioned because there are very few countries in the world whose economic well-being is entirely in their own hands. I believe, for the

most part, that this is true for Brazil. In other words, the decision it makes on infrastructure development and on education, human resources, and on regulatory reform will determine how fast it grows. If it makes the

right decisions quickly, it grows faster and stronger. If it makes them more slowly or in a haphazard fashion, it grows more slowly. The thing is Brazil does not stop growing and continues to be attractive to American investors and American businesses.

**You mentioned a couple of times the U.N. resolution [on internet privacy proposed by Brazil and Germany], agreed upon yesterday. How do you see the implementation of that resolution, and, since it is something that Brazil had fought a lot for, will it have a direct impact in the actual state of the relationship?**

As I noted, we joined consensus on that, which means that we are fine with it. The reason we were able to join consensus is that

some changes were made to the original texts that were proposed by the initial conveners or those who offered the text, and now broadly address our concerns. We recognize, as the resolution does, the importance of privacy, and the importance of an Internet, which is seen as a global public good, and one that needs to be protected. Like so many U.N. resolutions these are designed to capture a sense of the members of the U.N., and to help provide direction. But they are not binding, and rarely do they have aspects to them that are implemented. But that does not mean they are not important, because they capture a political moment and a purpose that needs to be understood and respected. We just think the fact that we were able to work with our other partners, but also with Brazil, to fashion a text that we could accept was important. I think it shows that whatever Brazil's intentions might have been when it started that process, it recognized early on that it was not going to achieve everything it wanted to in that process, and it had to make concessions that actually created a better environment for the kind of dialogue that we are having.

**My question has to do with Brazil's relationship with other countries in the hemisphere, whether South America, or more broadly. There is broad respect for Brazil in terms of what it has achieved economically and in terms of democracy. However, there is less willingness to cede leadership in the hemisphere to Brazil, even though it aspires to use South America as a**

**base for global projection. Could you please comment on how Brazil's leadership is being perceived in the region?**

From my experience, I have noticed that Brazil tries to be very careful in terms of how it deals with its neighbors. Largely because it recognizes that its bigger ambitions, which are expressed through UNASUR, and to a certain extent CELAC, have to be managed with respect and understanding for the concerns of other countries. It consistently tries to present itself, not as a hegemonic force, but as a coalescing force in the region. This is not easy when you are as big as Brazil, and when you border on every country except Chile and Ecuador. As the Brazilians like to point out, they even border on France through French Guiana. It is a complicated diplomatic dance and it is made more complicated by Mercosur's relationships and the trade challenges that Brazil faces with Argentina, because they tend to overload some of the circuits in the structures that they have. The Brazilians work very hard at this. First of all the efforts to fashion regional integration units, from our point of view, are positive. Whether it is UNASUR, whether it is SICA in Central America, whether it is the Caribbean community, these are all efforts that facilitate dialogue and facilitate exchanges that are ultimately for the well-being of the sub-regions and the broader hemisphere. The biggest impediment to a Brazil that dominates South America is largely its inability to open its markets. If Brazil could open its markets, the Andean

countries never would have done free trade agreements with the United States or at least not with the speed that they did them. They would have done agreements with Brazil. When the Mexicans realized they had been organized out of Latin America, and they were not a part of SICA, UNASUR, or any Caribbean community, they launched their own initiative – CELAC – that was all about putting themselves back into the region. In some ways, the most daring and interesting diplomatic move of recent times has been Mexico joining the Pacific Alliance, because that is putting Mexico into South America in a way that many never anticipated, and created the possibility of a connected series of free markets along the Pacific coast all facing Asia, without a U.S presence. I do not believe this is a challenge to Brazil so much as it is something that they have to understand and address in a way that reflects the interest and concerns of the members of the alliance.

**A year and a half ago, President Obama was in Brazil and working groups between the two state departments were established to discuss the visa waiver program – to set up roadmaps and pre discussions, knowing that the conditions were not yet in place for an actual agreement, but laying the groundwork for that. Where does that discussion stand and what is the path forward?**

As we try to understand the demographics in Brazil, and try to understand better what has been driving this tremendous surge in visas, the growth of the middle class was seen immediately as one of the obvious reasons. As we looked at the issue more closely, we realized that was not really true because many of those who had recently joined the middle class were not traveling to the United States; they were still traveling inside Brazil. What we were seeing was increased travel by upper-middle class, and because they had more disposable income they had developed an interest in travel. We had to work very hard in order to fashion a visa process that reduced wait times from 120 days to 2 days and accommodated the many Brazilians who were traveling to the United States.

We recognized that there is a whole new group of entrants into the middle class that have yet to attempt to travel to the United States, but that they are coming. It is kind of like a rogue wave out there. We know it is somewhere in the middle of the ocean and we know it is not stopping. We have, through our new consulates, through expanding our consular sections and the number of officers we have in building, built the capacity to produce 1.8 to 2 million visas a year.

Right now we are doing about 1.3 million visas a year. I personally do not think that is enough if this rogue wave keeps coming at us. We could find ourselves back in a near crisis situation in the next couple of years, especially if the Brazilian economy picks up in terms of growth, and if these new entrants

into the middle class are able to consolidate themselves in the middle class. That is where the Visa Waiver Program becomes very important and it is one of the reasons why both countries have to keep working at it.

There was real hesitancy on the part of the Brazilian government to address the Visa Waiver Program. First of all, because their experience in Spain and Portugal has not been a happy one, and they end up having people turned around at ports of entry. It is much better to have people denied a visa in Rio, São Paulo, or Recife, than to have them be told in Miami, or Los Angeles, or New York that they are not coming in with their families, that they have to turn around and go back. The Brazilians were looking for assurances that they were not going to repeat the experiences that they had in Lisbon and Madrid. Visa Waiver Programs like level-entry programs and other measures that are designed to facilitate travel have a security component to them. It is not that we ask people for information on travelers, we do not, but we do want governments to give us a thumbs up or a thumbs down on people. In other words, whether they are risks or not based on information available to national governments. And this is very hard for the Brazilians to do legally because it requires

them to first of all, dig through databases that are not easily connected right now. Secondly, to share risks assessments that they doubt they are legally allowed to do. So, we think there is a way forward on this. We think we can solve these problems but it is going to take some hard work on both sides.

## THE ADVICE WE GIVE TO AMERICAN COMPANIES WHEN THEY COME DOWN IS A TAKE ON ANTONIO CARLOS JOBIM'S FAMOUS DICTUM THAT BRAZIL IS NOT FOR BEGINNERS

**The cost of doing business is quite high in Brazil for multinational companies. Which way does the U.S. plan to advocate**

**for U.S.-based multinationals in order to facilitate the process of doing business in Brazil?**

The famous "Brazil cost" affects everyone. One of the striking things about BNDES (National Bank for the Economic and Social Development) is that they will lend to American companies if they are based in Brazil. Without a doubt, as I mentioned, there is an overhang in the economy that needs to be addressed to promote not just Brazilian companies to help generate increased growth, but also the growing presence of global companies and global investors. Some of this, of course, has to do with the regulatory costs and the legal costs. We have a very large foreign commercial service presence in Brazil, and a very skilled one that operates out of all of our consulates and our Embassy, and is



prepared to help all American companies that are interested. Many of the multi-nationals come down with their own resources and can manage their way through a lot of this, but many companies are coming in fresh, and what we are especially seeing with companies that come down, say with state delegations led by governors, is a great interest in either selling into the market or being present, but very little understanding of how to do it and that is where I think we can play an important role because we can facilitate contacts and try to look for Brazilian partners because ultimately, Brazil is a country where the extent of which you have Brazilian partners working with you, it is going to make it a lot easier.

The advice we give to American companies when they come down is, first and foremost, a take on Antonio Carlos Jobim's famous dictum that Brazil is not for beginners; that it is a complex and complicated country. In many ways it is like an archaeological dig in the sense that its laws, and regulations, and codes never seem to go away, they just seem to build one on top of another. Navigating the system can be challenging for some businesses. Also, Brazil, as Tony Harrington says, is not for short-timers. It is not for hot money, it is not for people who are going to come in and come out, it is for people who are prepared to make a long-term commitment simply because it does take a long time to establish yourself and to find a way forward. We believe that given the direction that Brazil is going, given the size of its domestic market, and given that the platform that it could be for exports into the region and beyond, it is

attractive to American industries. Again, we have very clear instructions from the President, the Secretary of State, and the Secretary of Commerce, that our number one priority is commercial diplomacy and so this was my priority. I am sure it is Liliana Ayalde's priority as the new Ambassador to Brazil, so although I am not there now, I would just recommend that you work very closely with the embassy and our consulates because we will provide all the help we can.

**We have heard over the years about opportunities for trilateral cooperation between the United States, Brazil, and Africa (Sub-Sahara Africa). What are the prospects in terms of trade investment, financing, and industries like agriculture, infrastructure, and health?**

There are lots of possibilities. In fact, on the foreign assistance side, we began our trilateral cooperation in São Tomé e Príncipe in an effort to eradicate malaria. I have extended that to Mozambique, where we are doing some really important work on the public health side and agricultural productivity side, but we are also working with the Brazilians in Honduras and in Haiti on agricultural productivity and some other projects. This is brand new for us and it is brand new for the Brazilians. Working through the Brazilians Cooperation Agency, ABC, has really been an interesting and fruitful experience. It is a small agency, staffed largely out of Itamaraty. Brazil still does not have the cadres of development professionals that one would

imagine in that kind of an agency. However, it is building them over time and we have created an interesting relationship between USAID and ABC where we have exchanged officers and USAID officers have sat in ABC, and ABC officers have sat in USAID, as we try to get a better feel for how both sides work and where there might be synergies and connections. We are quite interested and excited about extending that possibility because we think that Brazil, especially on the agricultural side and on the public healthcare side has some really interesting things to offer countries in Africa

and elsewhere. Brazil does have some legal restraints or constraints on how far it goes in this kind of cooperation, especially related to how money flow back and forth between the federal government and ABC, and also how it does its development assistance abroad. So, in some instances it is really USAID that is paying for Brazilian services in some of these countries, but we think over time as Brazil builds out its development assistance programs it is going to begin removing these barriers or streamlining them in a way in which ABC and the Brazilian government can do more. On the trilateral assistance around businesses, Ex-Im Bank (Export-Import Bank of the United States) has been in discussions with BNDES about joint financing of projects especially where there is a U.S. and a Brazilian partner. Although,

again, it is complicated to a certain extent by legal structures and rules and regulations, we continue to try find a way forward on that because the potential is huge.

**You mentioned the issue with Iran and the Lula administration as a point of contention in the Brazil-U.S. relationship. Have we gotten over that, and is the local treaty of the South American countries possibly a model for the kind of weapons on non-proliferation regime that we are looking at in Middle East and other areas? Is this an area where we might see more cooperation?**

WE ARE WAY OVER IRAN...BRAZIL IS NEVER  
HAPPY WITH SANCTIONS REGIMES [BUT]  
IT COMPLIES WITH THEM FAITHFULLY.

We are way over Iran. I think that Brazil has been a very useful partner. All of Brazil is never happy with sanctions regimes. It complies with them, and faithfully. But more importantly, especially under President Rousseff, the Brazilians have made clear that Iran had a lot of explaining to do, and that if it wanted to have a normal relationship, it was going to have to be respectful of UN Security Council resolutions and the desire expressed repeatedly by the Security Council and elsewhere that Iran addresses the concerns related to its nuclear program. Brazil has also been supportive publicly of the agreement that the P5+1 was able to de-fash with Iran and I think Brazil sees this as a very positive development.

In regards to Tlatelolco, the Latin American experience around nuclear

proliferation, and especially the agreement between Brazil and Argentina to end their weaponization programs and to create mutual verification capabilities was an innovative and important agreement, and one that could be useful as we look at how we manage verification regimes elsewhere. I think ultimately the challenge we are going to face, whether it is in Iran, North Korea or elsewhere, is going to really be about verification. In that regard, oddly enough, this is where intelligence is going to play a very important role because what we have seen over time is that especially on the non-proliferation side, intelligence is central to how we do our verification work because while much of it can be done publicly, and much of it can be done by inspectors, not all of it can be. So, as we think about the issues raised by Mr. Snowden, we need to understand that not all of it is about spying on countries for immediate benefit. Much of it has to do with supporting large international agreements.

**Can you shed some light on why President Obama apologized to Angela Merkel, but not to Dilma Rousseff for the spying? Second, would you consider recommending to the government a pardon for Snowden, given that he is such a thorn in our relations with so many countries, but particularly**

**with Brazil?**

When these issues first appeared and especially when the allegations of head of governments surveillance appeared, we treated the Brazilians in the same way we treated the Germans, which is quite remarkable given what other allegations were out there. The Brazilians understood this and I think appreciated it in their own way because it was indicative of the importance of the relationship. Our intelligence relationships with both countries are quite different. Germany has much more equity in our intelligence community than Brazil does, and especially with troops participating in ISAF (International Security Assistance Force, in Afghanistan) because much of the force protection intelligence comes from U.S. sources.

I do not want to get into characterizing the conversation that President Obama had with the Chancellor, I will leave that to the White House. What is important is that there has been communication at several times between President Obama and President Rousseff, and there will be communication in the future that addresses that specific issue. Given the circumstances, we are probably about in as good a position as we could possibly be in terms of how we do our leader-to-leader engagement and our country-to-

ON [U.S. REACTIONS TO] ALLEGATIONS  
OF HEADS OF GOVERNMENTS  
SURVEILLANCE, WE TREATED THE  
BRAZILIANS IN THE SAME WAY  
WE TREATED THE GERMANS

country engagement. In terms of unexpected actions, this was raised briefly in a 60 Minutes piece on the NSA, and I think it is clear, from what the White House and our Department of Justice has said, that you should not expect an unexpected gesture.

**You have mentioned bilateral and trilateral cooperation opportunities. In terms of energy, environment and health issues related to infection and endemic diseases, what opportunity for bilateral cooperation do you see?**

In regard to USAID, we have done something really remarkable with our AID mission in Brazil because it was on the chopping block, as it has been several times in our history, but we were able to convince our colleagues at USAID here in Washington and elsewhere that now was the time to move from an AID mission that was effectively a development mission, to one that was a policy engagement mission. The idea being that as Brazil's economy expands and as it builds its own foreign assistance programs, that we needed to be there working with them and engaging with them on a daily basis with the hope of helping to influence and shape how they did assistance work so that it was more compatible with what we were trying to accomplish,

recognizing that other major economies out there, in particular the Chinese economy, have very different understanding on what foreign assistance is. So far, the dialogue has been really positive.

As I have noted, we have been able to fashion third country assistance programs where we are able to share expertise and funding, in order to accomplish common goals, and I think that if we are able to do this right, it could create a new kind of development

assistance diplomacy that we could deploy in other countries that have emerging – we are strong economies that are playing an increasingly important role in sub-regions. But as we have done this, of course we have had to kind of pull back on some of our historic development

roles in Brazil, and largely our AID program today is focused on biodiversity issues and climate change issues. We still do some small public health issues. We have got a few alternative energy programs, but this does not represent the future of our development assistance program. However, it does represent the future of our commercial engagement and our investment engagement, and what is striking for me, especially in the area of public health, is the degree to which American pharmaceutical companies are prepared to come to Brazil and are prepared

## IN THE AREA OF PUBLIC HEALTH...

### AMERICAN PHARMACEUTICAL COMPANIES ARE PREPARED TO COME TO BRAZIL TO DO AGREEMENTS WITH BRAZILIAN COMPANIES TO TRANSFER SIGNIFICANT TECHNOLOGIES

to do agreements with Brazilian companies to transfer significant technologies, and build out a capacity for Brazilian pharmaceutical companies, and this is largely driven by the emerging middle class, and a demand for high quality healthcare in Brazil.

**In light of the WTO success in Bali, to what degree do you think that, in fact, Brazil's view of its own geo-economic, and specifically, trade leadership is changing from one in which it is a leader of the developing world, to one in which it is a broker of some sort between the developing world and the developed world?**

I do think that synergies are there, it is just that they are moving from the development world into the commercial and investment world. In regard to the WTO in Bali, first of all congratulations to [Director General] Roberto Azevêdo, who did a really wonderful job in managing what could have been a disastrous event for the WTO. I think it was in everyone's interest to make sure that the Bali event was successful. With Azevêdo at its head, the Brazilians felt a special need to play as much of a role of broker as they could. Historically, Brazil has a process of negotiations with two mentalities. One is to get the best deal possible, but if that is not going to work then try to assert leadership in

some fashion and use the event as a way to assert leadership.

In this particular situation, they recognized that they could do both. They could act as a leader of a particular group of countries, while at the same time brokering. They found a way to bridge that divide, and with any luck they will be able to maintain that over time.

IN REGARD TO BALI, CONGRATULATIONS  
TO ROBERTO AZEVÊDO, WHO DID  
A REALLY WONDERFUL JOB IN  
MANAGING WHAT COULD HAVE BEEN  
A DISASTROUS EVENT FOR THE WTO

**You mentioned that you hope to build up constructive relationships with Brazil, promoting common values like democracy and human rights. What makes you feel hopeful? In South America, there are some countries that do not share the same views and values in terms of democracy promotion and human rights. It is critical that Brazil plays more visible role, more effective role, and how do you see that role developing in terms of working together constructively with the U.S. government in South America?**

In terms of human rights, it is a great question and it is one of the big struggles that Brazil faces as it tries to find a way to express through its foreign policy what it means to be a democracy in the region and in the world. Historically, Brazil has been inherent to principles of non-intervention and non-interference, and self-determination of peoples, and has been very reluctant to



criticize countries no matter what they are doing because at one level it does not believe it should, but at another level it also has recognized that it is quite vulnerable to criticism, it does not want to open the door for reciprocal attacks, and wants to build a certain protection, especially with inside institutional and regional organizations.

I do not think this is a stance that it would be able to maintain in the long-term simply because as Brazil globalizes and as a society globalizes, Brazilians themselves are going to wonder what it means to be a democracy in the world and how it expresses that democracy. The fact that internally you have such a strong commitment to an open society, such a strong commitment to individual rights, is a very positive thing to work from. This is going to be an evolutionary process over time, and it is just one we cannot give up on, we just have to keep focused. In regards to the tensions within the country, it is important to understand that Brazil is a huge country. Of all the colonial entities that were established in the region, it is the only one that has held together of that size. I am sure there are all kinds of linguistic and cultural reasons for that, and demographic reasons for it, but although it is a big country, it is very diverse linguistically and in terms of its traditions

and the ethnicity of its immigrants.

At the same time, there is something that makes everyone a Brazilian and that, in many ways, is what is remarkable about Brazil. However, even today people in the southern part of Brazil will be dismissive of the northern part of Brazil, and people in northeastern part of Brazil will be dismissive of people in the southern part of Brazil. One can find the same thing in the United States, and I think that that is what is remarkable about Brazil. Like the United States, it is able, through

its diversity, to present an image of itself that everyone seems to understand. Everyone knows what a Brazilian is, and I just think that is a tremendous accomplishment.

AS BRAZIL GLOBALIZES, BRAZILIANS  
THEMSELVES ARE GOING TO  
WONDER WHAT IT MEANS TO BE A  
DEMOCRACY IN THE WORLD AND HOW  
IT EXPRESSES THAT DEMOCRACY

## FAPESP WEEK: 2013



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Created in June 2006 as part of the Wilson Center's Latin American Program, the BRAZIL INSTITUTE strives to foster informed dialogue on key issues important to Brazilians and to the Brazilian-U.S. relationship. We work to promote detailed analysis of Brazil's public policy and advance Washington's understanding of contemporary Brazilian developments, mindful of the long history that binds the two most populous democracies in the Americas.

The Institute honors this history and attempts to further bilateral cooperation by promoting informed dialogue between these two diverse and vibrant multiracial societies. Our activities include: convening policy forums to stimulate nonpartisan reflection and debate on critical issues related to Brazil; promoting, sponsoring, and disseminating research; participating in the broader effort to inform Americans about Brazil through lectures and interviews given by its director; appointing leading Brazilian and Brazilianist academics, journalists, and policy makers as Wilson Center Public Policy Scholars; and maintaining a comprehensive website devoted to news, analysis, research, and reference materials on Brazil.

*Paulo Sotero, Director*  
*Michael Darden, Program Assistant*  
*Anna Carolina Cardenas, Staff Intern*

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