

Looking Toward 2017: Prospects for Brazil-U.S Relations

November 28, 2016



SUMMARY: On November 28, the Brazil Institute at the Wilson Center hosted U.S. Ambassador to Brazil Lilita Ayalde for a conversation on U.S.-Brazil relations, followed by a panel discussion on the current state of the political crisis in Brazil and prospects for progress in 2017.

Director of the Brazil Institute Paulo Sotero introduced the Ambassador. Ambassador Ayalde, whose tour in Brasilia is nearing an end, brings over 30 years of service as a diplomat to her role. In her remarks, she stressed the enduring friendship between Brazil and the United States “born of shared values and common beliefs...[a] partnership between the two largest democracies and economics of the Americas.” Ambassador Ayalde recognized that relations have, at times, been marked by disagreement—she arrived in Brazil in 2013 shortly after the Snowden spying disclosures and subsequent postponement of former President Rousseff’s state visit to Washington—but also cited a number of areas of strong cooperation, both bilateral and multilateral. She noted that at a personal level, “there is mutual admiration and respect” between Brazilians and Americans, supported by vital and deep linkages between the Brazilian and U.S. economies: a “mutual economic interdependence” that drives innovation and growth.

Ambassador Ayalde expressed hope that, moving forward, Brazil and the United States, will continue to deepen economic ties, expand cooperation to address security issues in the hemisphere, jointly advance the cause of human rights and democratic values, and promote people-to-people exchanges. She closed with her conviction that the relationship remains strong:

“When it comes to our core values and interests, there is far more that unites Brazil and the United States than divides us, and the friendship that began almost two hundred years ago will continue to characterize our relationship, contributing to the ongoing prosperity and security of both countries and the hemisphere that we share.”

A transcript of Ambassador Ayalde’s remarks is available below. A video of the event, including the Q&A session, is available at <https://www.wilsoncenter.org/program/brazil-institute>.

“Brazil and the United States have always been Friends”

Good morning and thank you, Paulo, and to the Wilson Center for this opportunity to share some of my insights on the US-Brazil bilateral relationship as I prepare to complete my tour as Ambassador to Brazil.

As my time of service in Brazil comes to an end after close to three and a half years, I want to reflect on our bilateral partnership during these times of political and economic change. It is doubtful predecessors experienced so much simultaneously: Snowden disclosures, impeachment, presidential and municipal elections, political crises, economic crisis, and Lava Jato, as well as the World Cup and Olympics.

I think it is important to highlight that the United States and Brazil have always been friends. From the moment when we were the first country to recognize Brazil's independence in 1822 until today, our friendship has weathered the test of time and survived any number of ideological and political changes in both countries. It is a friendship born of shared values and common beliefs, and this partnership between the two largest democracies and economies of the Americas has helped underpin the peace and stability of the hemisphere for the better part of two centuries.

That does not mean that we have always seen eye to eye, or that we haven't had our legitimate policy

differences over the years. Even the best of friends have arguments and disagreements. The degree of partnership and cooperation has obviously varied as well. But at a very basic level, down to the individual Brazilian and the individual American on the street, there is a mutual admiration and respect that serves as the constant backdrop to our political and commercial relationship.

In addition to that admittedly amorphous concept of friendship, there is a very pragmatic and objective economic underpinning to our relationship. We are the two largest economies in the hemisphere and our trade in goods and services is around \$100 billion a year, supporting hundreds of thousands of jobs in both countries. We see opportunity for this number to grow significantly in the future.

Partnerships between our companies – whether of the headline-grabbing variety like the Embraer and Boeing cooperation or at a smaller but still vital level between small and medium enterprises – help to drive innovation and deepen the linkages between our economies. The United States is the biggest market for Brazil's manufactured goods. And the United States is still the largest source of foreign direct investment in Brazil at over \$112 billion, while Brazilian investment in the United States tops \$22

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billion – doubling in recent years – showing that we continue to bet on the success of each other's economic future. That mutual economic interdependence, which has been both longstanding and long-growing, further solidifies the friendship between our two countries.

I arrived in Brazil almost three-and-a-half years ago at what inarguably was one of the most sensitive, tense moments in the relationship, following on the heels of the Snowden disclosures. I won't dwell on the subject, but suffice it to say that relations were strained. However, I believed then and still believe now that this state of affairs would not last, and that our relationship was strong enough that it would recover and endure. Slowly, gradually, that belief was borne out as we worked hard to repair our ties and move forward, leading to the eventual visit of then-President Dilma Rousseff to Washington in June of last year.

In a very tangible way, that visit reset and re-energized the relationship, and the degree of partnership since then has been impressive in its scope and depth. On the trade and investment side, we launched mechanisms to help facilitate bilateral trade flows, to look at regulatory coherence and standards to eliminate obstacles to growth, and to improve patent registration. We also agreed to work together on environmental issues and climate change, an indispensable cooperation given our respective geographic size and economic importance

– and one that paid off in the final ratification of the Paris Climate Change agreement recently concluded in Morocco. The United States and Brazil were joint leaders in Paris, and our leadership will help protect the environment for generations to come.

On the security side, we signed a Defense Cooperation Agreement and a General Security of Military Information Agreement, both of which permit a greater flow of information, goods, services, and technologies to advance the security of both countries. We also launched the discussions that eventually led to the inaugural Brazil-U.S. Defense Industry Dialogue this last September, a very productive forum to identify opportunities and challenges in the defense industry and enhance our bilateral cooperation. In addition, we created very productive working groups to discuss internet governance and human rights issues. Given where the relationship had been just two years before, the scope of the agenda and the results coming out of the visit were almost unimaginable.

We had a very successful collaboration with Brazil in support of its Olympic security efforts and we congratulate our Brazilian friends on the resounding success of that mega event. We are hopeful that the cooperation and the ties created between our law enforcement agencies during the games will serve as the basis for ongoing cooperation and partnership on security issues.

Ambassador Liliana Ayalde and Brazil Institute Director Paulo Sotero at the Wilson Center (November 28, 2016)



“I have witnessed that our commitment to Brazil is not a transitory political whim; it is a core interest and principle of U.S. foreign policy...”

Since June 2015, we also maintained the momentum on a number of fronts in our bilateral relationship, despite the political transition. For example, we recently finalized an agreement to permit reciprocal imports of beef, which will create new opportunities for both countries in terms of access to each other’s markets and to third-countries as well. The Open Skies agreement, which continues to make its way through the Brazilian Congress, will – when finalized hopefully before the end of the year – literally create new linkages and connections between our countries.

We also continued to partner on the multilateral level, whether through the UN, the OAS, or other international bodies. Based on our shared values, we continue to push for issues such as the defense of human rights and promotion of democratic participation, within the region and globally.

Through Trilateral Cooperation, we have had very successful joint development projects in Latin America, the Caribbean and in Africa, such as programs to promote food security or address HIV/AIDS issues. Brazil’s leading role in the peacekeeping operation in Haiti has been essential to the gradual progress being made there, and its support of other peacekeeping initiatives across the globe demonstrates its importance as a global player. Working together, we secured an ambitious amendment to the Montreal Protocol to phase down the production and use of potent greenhouse gases, and the adoption of an agreement to set international aviation on the path toward sustainable, carbon-neutral growth.

Health issues have also been front and center in our engagement over the past year, as we ramp up our already strong partnership in order to combat the Zika virus epidemic in the region. Through public health collaborations, joint research into vaccines and new diagnostics, and private sector engagements targeted towards strengthening health data systems, our two countries are demonstrating the ways we can work together to tackle these kinds of public health challenges that improve health for people in both our countries, and throughout Latin America.

Through a working group on human rights created in July 2015, our governments have continued to cooperate on a range of social inclusion and human rights priorities at the UN Human Rights Council and the UN General Assembly to ensure that human rights are protected regardless of a person’s race, religion, sexual orientation, or gender identity. We have also addressed worrisome human rights situations in places like Syria and North Korea, and highlighted the importance of spaces for a vibrant civil society. Such fruitful cooperation in multilateral fora complements standing bilateral agreements on the advancement of women and girls and initiatives to eliminate ethnic and racial discrimination. So it has been a very exciting time in terms of our partnership and the potential to grow our cooperation.

I would be remiss, however, if I failed to put this into the context of developments within Brazil, which has obviously gone through a period of intense political change and is still experiencing difficult economic times. Those factors have undoubtedly affected the resources available to Brazil, both politically and financially, and at times injected distractions we had to accommodate to. In some ways, that makes the progress we have made still more impressive.

Even as Brazil went through the impeachment process, while demanding an enormous and necessary concentration of attention and effort into the Olympics, and even with the troubled economic picture, we did not lose a step in terms of our work to strengthen the bilateral relationship. Just to give one example, the Defense Industry Dialogue is a concept that was conceived under one Minister of Defense, in large part designed under a second, and then implemented under a third, yet each approached it with enthusiasm and commitment. That led to a successful engagement that generated real action items for follow-up.

Rather than just accepting that remarkable degree of commitment as a given, I think it’s worth asking “How did that happen?” With everything else that was going on, how did we manage to keep moving forward on so many fronts? And I think the answer



to that question goes back to the fundamental level of shared interests and values that underlies our friendship. Brazil and the United States are too important to each other to let our relationship lie dormant, regardless of what else is happening domestically. And we have seen that time and again over the years – our engagement and friendship continues to prosper regardless of outside events.



Ambassador Lilita Ayalde at the Wilson Center (November 28, 2016)

I'd like to discuss an issue that has been at the forefront of all our minds, especially here in Washington: the change of administration here and how it will affect the U.S.-Brazil relationship. I have said it before and I will say it again – policies, of course, will change from administration to administration. With regard to Brazil, however, the underlying interest of the United States in partnering with Brazil will remain regardless of administration, just as we will continue to hold the shared values that unite us and that drive our cooperation. I saw firsthand how our relationship maintained momentum through the political transition in Brazil and I believe that our strong engagement will continue under our new president-elect.

Will there be some adjustment of emphasis on individual initiatives, or new programs created to reflect

our new president's different approach? Undoubtedly. But I do not believe that these will markedly change the positive direction of our overall engagement. Over the past three years-plus, I have witnessed that our commitment to Brazil is not a transitory political whim; it is a core interest and principle of U.S. foreign policy.

Based on this premise, today, I'd like to share with you thoughts about the bilateral relationship and where I think it should be going.

First, I believe that we must continue to look for ways to deepen our economic ties. Increased trade and investment will bring benefits to both countries. We know from talking to Brazilian leaders that they want to reduce the "Custo Brasil" and make the country more competitive. But saying it and doing it are different things, and we need the help of the private sector to really make inroads in this regard. We will continue to count on the private sector (US) to share their challenges encountered when doing business in Brazil, bringing these issues to us as openings for engagement between the governments. We want to continue to identify opportunities for partnership or innovation that are not being taken advantage of, and be involved in the possible solutions to facilitate or support those initiatives.

Work with both governments to help us be proactive supporters of economic cooperation rather than just reactive resolvers of problems.

Second, I see great potential for further partnership in security issues. Transnational crime undermines the sovereignty and order of all nation-states. As we saw in numerous, unfortunate attacks over the past year across the globe, whether in Paris, India, Orlando or Ethiopia, terrorists make no distinction about the nationality of their victims. The potential proliferation of weapons of mass destruction represents an existential threat to all of humanity. And leaving aside the threats that are out there, a strong, secure Brazil is a stronger partner for the United States in promoting peace in the region and globally.

We do not always agree on the best technical approach in security matters but our core beliefs align closely, and those shared beliefs can and should serve as the basis for ever-greater cooperation. This can take the shape of information-sharing, commercial partnerships, joint innovation, or other forms of cooperation. Some of those activities we could undertake today, others will require intergovernmental agreements. But these are challenges that are

too serious and too relevant to both countries to let them sit on the table without action and we need to put forth the effort to move them forward.

Third, we must continue to work together globally to achieve progress on our shared commitment to the protection of human rights and the advancement of democratic values.

And finally, I think we need to continue to push for people-to-people exchanges and interactions. Whether in the context of a formal educational exchange program or just tourist travel, I believe that the greater the degree of interaction between Brazilians and Americans on a personal level, the stronger our relationship will be. As I said toward the beginning of my remarks, Brazilians and Americans, in general, just instinctively like each other. At the heart of the matter, our respective citizens want to live in the same kind of world. That is a powerful unifying force. Providing larger numbers of people in both countries the opportunity to meet and learn more about the other can therefore only help to enhance our long-

term political friendship. So we must look for ways to encourage greater numbers of tourists, students, business visits, and so forth, whether through formal exchange programs or through mechanisms to facilitate legitimate travel in both directions.

So, in short, my message is that the state of our bilateral relationship is strong and moving in a positive direction. There will inevitably be bumps along the way or areas where we disagree, but those issues will arise on the margins. When it comes to our core values and interests, there is far more that unites Brazil and the United States than divides us, and the friendship that began almost two hundred years ago will continue to characterize our relationship, contributing to the ongoing prosperity and security of both countries and the hemisphere that we share.

Thank you very much for your attention, and the opportunity to share my thoughts.

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