Chapter 6

Brazilian Foreign Trade Policy: Instrument for an Autonomous Nation

No country escapes its destiny and fortunately or unfortunately, Brazil is condemned to greatness…Mediocre and petty solutions do not serve or interest Brazil…. We either accept our destiny as a great, free, generous country, without resentments or prejudices, or we run the risk of remaining at the margin of History, as a people and as nationality.

Ambassador João Augusto de Araújo Castro, 1972

As mentioned in the Introduction, systemic explanations of the foreign policies of developing countries predominate. Recent efforts to create theoretical frameworks for the study of foreign policymaking in developing contexts deserve praise, but ultimately, their explanatory power can only be assessed in combination with detailed case studies.

In this regard, Brazil is an interesting case that reveals the weight of domestic variables in the definition of the country’s foreign policy, including in regard to foreign trade. In the battle between systemic international constraints and national ambitions, for more than a century ideas and ideology have been central in guiding Brazilian foreign policymakers in their definition and defense of Brazil’s aspired place in the world.

While profound social and economic disparities justify the classification of Brazil as a developing country, some of its features have increasingly contributed to its characterization as a middle power. Geographically the fifth largest country in the world, it accounts for half of South America’s territory, sharing borders with all states in the subcontinent with the exception of Chile and Ecuador. With a multiethnic population of approximately 190 million people, and abundance of natural and energy resources, in 2010 Brazil ranked as the eighth largest economy in the world. Brazilian elites have historically referred to these characteristics to justify why Brazil is entitled to occupy a middle-power position in the international system. As Ambassador Nabuco stated in 1908, “Brazil has always been conscious of its size and has been governed by a prophetic sentiment with regard to its

Z. Arashiro, Negotiating the Free Trade Area of the Americas
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future.” It is within this national-elite psyche that foreign trade policy has evolved. As one of the several dimensions through which national projects have been revealed internationally, Brazilian foreign trade policy too has reflected broader foreign policy visions that need to be understood through a historical analysis of their rise, meaning, and resilience.

With a few exceptions, analyses of Brazilian interests in the FTAA focused on assessing the country’s economic profile either to claim that Brazil should have been more active or to justify the country’s low commitment to the project. Given the prospective nature of economic studies of the FTAA, unavoidable in the context of uncertain outcomes in which they were formulated, differences were expected. But in addition to divergence in recommendations, Brazilian studies of the potential impact of the FTAA to the country lacked a detailed evaluation of trade-offs that would have to cover the implications of regulatory changes for sectors such as services, investment, and government procurement.

The understanding of Brazil’s strategies during the FTAA negotiations requires moving beyond the identification of material incentives to investigate the reasons that led decision makers to see fragmentation as more desirable than other alternatives. Brazil’s rationale for the FTAA is better understood as deriving from decision makers’ efforts to construct Brazil’s international identity as a middle power, which in turn required the preservation of its margin of autonomy in the international system in order to implement its own vision of how to achieve economic development.

In Brazil the idea that trade relations with Latin America could be conducted with Brazil as the leader was not new. The belief in Brazil’s uniqueness in Latin America, and particularly in the country’s capacity to lead in South America, has influenced its foreign policy for decades. In the Lula administration, inaugurated in 2003, this notion has gained a more practical dimension, through Brazil’s financial support for infrastructure integration in the subcontinent and participation in cooperative initiatives such as the signature in 2008 of a treaty for the constitution of the Union of South American Nations (União de Nações Sul-Americanas—UNASUL) together with other Mercosur members, the Andean Community, Venezuela, Guyana, and Suriname. The FTAA, as a project through which Brazil’s regional economic dominance would be put at risk, was perceived since its early stages as a potential threat to Brazil’s regional ambitions. The FTAA idea was from the beginning associated with risk, and over a decade, lacked advocates who could effectively transform it into a political priority within the Brazilian political system.

Following the framework adopted in the U.S. case study, this chapter uses historical narrative to capture the ideas that have influenced foreign trade policy in Brazil. Unlike in the U.S. system, in Brazil the agency in charge of coordinating foreign trade negotiations plays a central role in policy formulation and in the creation and dissemination of a particular vision of Brazil’s national identity. Therefore, in this chapter, the period prior to the FTAA negotiations is examined in more detail in order to show