



## Dialogue on Globalization

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# Brazilian Foreign Policy under Lula: Change or Continuity?

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## 1 From Cardoso to Lula

The election of Luis Inácio Lula da Silva to the Presidency of Brazil can be attributed, among other factors, to widely disseminated dissatisfaction within Brazilian society over the economic and social performance of Fernando Henrique Cardoso's second administration (1999-2002). Indeed, with the gradual fading of the economic dynamism brought about by the successful macroeconomic stabilization plan introduced in 1994, and the need to respond to mounting financial domestic and external constraints, Cardoso's government did not meet the expectations of large sectors of Brazilian society as to economic and social development. Actually, the economic and social costs of the policies designed to preserve macroeconomic stability through fiscal and financial austerity in a restrictive external financial environment turned out to be high in political terms. It was in this way that the appeal for change became a decisive factor in the 2002 presidential elections.

The appeal was not to be confined to domestic politics, however. Throughout the nineties, and due to the country's increasing exposure to international political and economic flows, some foreign policy issues also acquired visibility on the political and electoral agenda. In addition,

there was a clear trend toward retraction in face of the uncertainties and instability present in the global and regional scenarios and the vicissitudes of international trade negotiations in the second half of the nineties. Brazilian foreign policy had thus evolved under a predominantly reactive and defensive pattern.

Therefore, the definition of foreign policy guidelines and priorities under Lula da Silva has been based on two major aspects: the need to reverse what was regarded as excessive reactive and defensive postures of the previous administration and the option to reintroduce some traditional values and dimensions of Brazilian foreign policy that had somehow been neglected or played down in the nineties. In this sense, Lula da Silva made an explicit commitment to translate the changes demanded by the Brazilian population to the field of foreign policy. Such change, however, was not to imply a dramatic revision of foreign policy objectives and priorities. Instead, it encompasses:

- the adoption of a more assertive pattern based on the direct subordination of foreign policy to the requirements of economic and social development;
- the reassertion of sovereignty and national

interests as the main driving force of Brazil's presence abroad;

- the centrality of foreign trade as an essential instrument for economic development and reduction of external vulnerabilities;
- an active engagement in forging regional and global partnerships and alliances oriented to the promotion of economic and social development,
- and finally, as a distinctive trait, promotion of a multilateral and more equitable international order.

Paradoxically, these elements do not represent any direct rupture with the central dimensions of the foreign policy pursued by previous administrations; neither do they imply the introduction of unprecedented features, although the foreign policy orientations that Lula da Silva's administration has tried to implement rely on a critical evaluation of his predecessor's performance, the results achieved in this domain, as well as the trajectory of Brazilian diplomacy following the demise of the nationalist development model pursued up to the late eighties. Lula's foreign policy does involve an implicit criticism of the country's growing external vulnerability, which is regarded as a direct consequence of the development model based on economic liberalism implemented in the nineties and the inflection it gave to foreign policy. In this sense, Lula da Silva's foreign policy can, then, be characterized partially as revisionist in that it aims to align itself with the widespread desire for change as well as with proposals and commitments that make up the political platform of his "Partido dos Trabalhadores" (PT). On the other hand, such revisionism does not translate into an immediate departure from the main foreign policy legacy of the previous administration. On the contrary, the priorities defined emerge from or are associated with initiatives launched in the late years of the Cardoso administration. There is, then, an undeniable trait of continuity in Brazilian foreign policy under Lula da Silva.

## 2 Regional leadership...

The main nominal priority of Brazil's present foreign policy is promotion of political stability,

economic prosperity and integration in South America, i.e. resumption of what had been one of the most original diplomatic initiatives of Cardoso's second term. But Lula da Silva has sought to impart to it an unprecedented political prominence by explicitly assuming a political willingness to exercise political leadership in South America (instead of Latin America). As a consequence, MERCOSUR – the sub-regional integration initiative launched in the early nineties by Brazil, Argentina, Paraguay and Uruguay – is regarded as the natural space from which regional leadership must be built and exercised. MERCOSUR represents a test case for the Brazilian intention to take on a proactive role in favour of regional development and integration. This reflects a genuine concern with the reinvigoration of MERCOSUR, whose trade discipline, functionality and credibility were severely strained by the acute crisis set in motion after the 1999 Brazilian currency devaluation and by the deep and prolonged economic recession in Argentina. Despite all its liabilities, MERCOSUR is regarded by Lula da Silva's presidency as the Brazilian diplomatic initiative that best represents the country's willingness to seek deeper and more intensive relations with its regional partners and neighbours. This explains the priority assigned to MERCOSUR and the proposal submitted to its other members encompassing actions aimed at restoring the bloc's trade discipline, taking the initial steps towards a common market – the bloc's original and ultimate objective – and reasserting MERCOSUR's position as a levelling platform for regional integration and internationalization.

## 3 ...and global power politics?

Nevertheless, unlike the early nineties, when regional integration was also a main driving force in Brazilian foreign policy, the present course does not seem to be intended to respond solely to the gravitational force of North America's economy, which certainly nourished the defensive pattern of Brazilian foreign policy in the nineties. There is an explicit intention to highlight regional integration as an important feature of the country's development strategy, although this is not meant to preclude other

possibilities of international strategic partnerships. In this sense, the present Brazilian government has tried to strengthen relations with countries whose concerns and perspectives regarding the present international scenario are regarded as convergent, namely China, Russia, India and South Africa. Resuming political and economic ties to other regions like Africa and the Middle East is also a part of such efforts. This course of action does not respond solely to the country's trade interests, in particular diversification of its export markets. It is regarded as an essential step to strengthen global multilateralism, another key objective of current Brazilian foreign policy.

The actions led by Brazil at the last Ministerial Conferences of the World Trade Organization (Cancun 2003) in making up the Group of 20 (G-20) express the country's renewed willingness to play an active role in strengthening multilateralism and to present itself as a credible global player. Its demand for a permanent seat on the Security Council follows the same pattern. All the efforts involved in forging new international alliances and coalitions to support the cause of development are ultimately oriented to the declared goal of pursuing more balanced relations with the great powers in general, namely the European countries, and with the United States in particular.

#### **4 Relationship to the U.S. and the EU**

It is precisely in this domain that Lula's foreign policy has faced its main challenges. Although the activism and assertiveness pursued have not implied any political or economic setback in relations with the U.S., they certainly have a considerable potential to provoke political frictions bilaterally and in multilateral contexts. This has become particularly evident in the stagnant negotiations of the Free Trade Area of the Americas (FTAA), whose presidency, in its final stage, is shared by both countries. Brazil has also been very critical of the U.S. military actions in Iraq, although it continues to support other U.S. initiatives in combating terrorism. U.S. unilateralism has reinforced a critical attitude held by large sectors of Brazilian society and the government itself as to the exercise of U.S. global hegemony

and its immediate strategic and political consequences.

Such criticism is expressed in the Brazilian preference for multipolarity and multilateralism as features desirable for the world order and needed to attain the interests of developing countries. Therefore, without feeding artificial antagonisms, the relationship with the U.S. has been marked by a difficulty in accommodating the interests of the global hegemon and those of a country that has overtly demanded changes in international relations with a view to making them more equitable and democratic.

The preference for multipolarity as a desirable power structure and for multilateralism as the best expression of it has led Brazil to search for a closer relationship with the European Union (EU). Nevertheless, this objective has not prevented Brazil from emphasizing divergences which – unlike what can be observed in the case of controversies with the U.S. – are mostly restricted to the commercial dimension, especially to the issue of EU agriculture protectionism. Brazil has made explicit its interest in reaching a trade agreement with the EU through MERCOSUR before the end of the FTAA negotiations. MERCOSUR has also recently reached an agreement with the Andean Community, while the FTAA negotiations remain stagnant. In this sense, Brazilian diplomacy seems to be succeeding in concluding trade agreements with its regional partners and with the EU with a view to lessening the relative importance of the U.S. as a trade partner and the potential negative impacts of the FTAA. However, as multilateral trade negotiations in the WTO also remain stagnant, the immediate prospects for trade liberalization beyond regional and inter-regional arrangements are not bright, a circumstance which poses both political and economic challenges for the present Brazilian trade strategy.

#### **5 More continuity than change**

To sum up, there are no unprecedented, innovative features or ruptures in the foreign policy priorities defined by President Lula da Silva, except for Brazil's overt willingness to accept regional leadership. This has evolved under the

reaffirmation of a recurrent pattern of Brazilian foreign policy, that is, the aim to conciliate the imperative of promoting international change and the need to pursue this goal on the basis of a more enduring normative framework and strategic orientation.

In this sense, the most relevant difference between Lula da Silva's foreign policy and the one pursued by Fernando Henrique Cardoso is related not to the objectives or priorities embraced but to a rearrangement of some of its basic features and the willingness to act in a more asser-

tive and proactive way in the pursuit of nationally defined interests and projects shared with regional neighbours and other international partners.

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