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The Brazil-US Partnership: The Season for Building

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In February of this year, President Luiz Inácio Lula da Silva and President Biden Jr. held their first Summit. The two leaders, in their joint statement, reaffirmed the vital and enduring nature of the U.S.-Brazil relationship. They underscored the power of democracy and put human rights and climate crisis center stage. They condemned extremism and violence in politics and discrimination in all its forms. They supported more resilient walls against disinformation contaminating elections. They highlighted rights as applied to labor, gender, race and LGBTQI+ persons.

These are modern touchstones of the modern progressive agenda. In this spirit, their joint statement placed urgent priority on climate change, sustainable development, and energy transition. Naturally, they recognized the leading role Brazil and the U.S. play and the value of cooperation in these areas. They reconvened the

US-Brazil Climate Change Working Group (CCWG) to take on deforestation, the bioeconomy, clean energy deployment, and low carbon agriculture practices. They agreed to fight hunger and poverty, enhance global food security, foster trade, promote economic cooperation, and strengthen international peace and security. Happily, they finally touched upon some bread-and-butter issues, such as bilateral cooperation in trade and investment, health, science, technology, supply chain resilience, defense, education and culture, multi-lateral institutions, and consular affairs.

In Washington, the meeting of the Presidents was a day's worth of news, but not top news. It was overpowered by Ukraine, Taiwan, the trade war with China, California floods, Democrats attacking Republicans, and Republicans attacking Republicans. The Lula-Biden Summit was a welcome but momentary distraction. It seemed little more than an opportunity for the two

leaders to announce commitments to a progressive agenda.

At first blush, the lack of visibility and agenda clarity are disappointing. These are the two largest economies in the hemisphere: strong rivals and strong trading partners. Both are rebounding from democratic ordeals. The summit had the potential to be a breakthrough event to overcome decades of friction, to set a clear agenda of business-oriented goals and launch an aggressive path to economic integration. It missed that opportunity.

On a second look, however, there is a silver lining in the vague statement and low-key tone. The upside is this: there is a vast amount of hard work for Brazil and the United States to do together. The world is in turmoil. In addition to the distractions mentioned above, there are many more crises: pandemics, the explosion of digital trade creating immense data

privacy and security problems, and the growing 5G and telecommunications gap between China and the United States (and its partners) that is dividing the internet -- the so-called *splinternet*. Many western nations are "decoupling" and "friend-shoring." Many are adding more strict controls of the inflow of foreign direct investment, new measures to

control outbound investment, and rapidly proliferating strategic export controls. Sanctions are exploding. Restrictions are growing to control the explosive transnational acquisition of farmland, mineral resources, and advanced technologies.

The hemisphere needs effective leadership built on a strong foundation of economic, political and societal partnership. The strongest partnerships grow organically from the ground up. Strong partnerships can best grow with constructive quiet diplomacy away from the public spotlight.

Tensions remain, to be sure. Brazil remains on the US Special 301 Watch List for intellectual property violations. U.S. pork exports are banned from Brazil. There are US concerns about ethanol treatment and barriers to automobiles and parts. Buy America is a strong Biden (and Democratic) agenda put in place by the President with an Executive Order requiring the US

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government to buy American made products whenever possible. Brazil limits state enterprises to domestic suppliers. U.S. companies continue to complain of burdensome and inconsistent documentation requirements for the importation of certain types of goods, such as heavy equipment, that apply even if imports are on a temporary basis and destined for use in other countries.

There is much work to be done. And much work is being done. This hard work is best done behind the scenes and by constructive negotiations of professional diplomats and technical experts in and out of government. Brazilian government and private sector stakeholders have established the US-Brazil Clean Energy Industry Dialogue (CEID). [The U.S. – Brazil Protocol Relating to Trade Rules and Transparency](#) entered into force February 2022 to energize the existing Agreement on Trade Economic Cooperation and expand it into trade facilitation, good regulatory practices, and anti-corruption. The [U.S.-Brazil Commercial Dialogue](#) has since 2006 brought together technical experts from the Department of Commerce and Ministry of Economy to address and remove barriers to trade.

Brazil has embraced the [digital transformation](#) – tripling the share of its population with access to the Internet in just 15 years. Digitally deliverable services such as ICT, financial business consultancy, and audio-visual services have grown to represent 65% of Brazil's services exports by 2020. It joins the U.S. as a world-class competitor.

The University of São Paulo's Center for Advanced Studies on Applied Economics [estimates](#) that including processing and distribution, Brazil's agriculture and food sector accounts for 29 percent of the country's GDP (\$1.8 trillion). Brazil's agricultural exports, including processed products, has grown an average of 9.4 percent a year from 2000 to 2021 and accounts for 37 percent of Brazil's total exports. Brazil exports major agricultural commodities and food products to 222 countries and territories and is the world's third largest exporter of agricultural products, behind the European Union (EU) and the United States. Brazil is among the few countries with the potential to significantly increase agricultural productivity. It is already a [top-5 producer of 34 commodities](#), the largest net exporter in the world, and set for another [record-breaking grain harvest](#).

Brazil is directly challenging US dominance in agriculture exports, shifting from traditional tropical goods to soybeans, grains, cotton, ethanol, and meats. The arable land base has been expanded. Agricultural research steadily improves yields, varieties, and land efficiency. These are helped by export-oriented macroeconomic policies, crop-specific policy incentives, improved sani-

tary controls, outbound acquisition of foreign competitors, a growing multinational presence, and innovation-bearing inbound foreign investment.

Soybeans stand out. In 2000, Brazil's soybean exports were 40% of US exports; they now 20% larger than the U.S. Brazil supplies more than 50% of the world's soybeans. Even more impressive, Brazil is now the largest U.S. [competitor in the global corn market](#), offering second-crop corn, harvested late in the local marketing year, boosting exports from September to January, months traditionally dominated by Northern Hemisphere exporters.

Brazil's success intensifies competition with the United States. Competition between democracies intensifies collaboration. Collaboration creates partnership, which is the only solid foundation of effective joint leadership. A healthy partnership between great powers is built from the bottom up over years of hard work by professionals and technical experts across the vast range of economic activity and governmental responsibilities. Quiet diplomacy out of the limelight builds the foundations on which collaborative leadership can stand. For all things there is a season: a time to sow and a time to harvest. It now is the season for the quiet hard work of sowing the seeds that lay the footing of an effective US-Brazil partnership.



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This article is a result of the author's ascertainment and analysis, without compulsorily reflecting CEST's Opinion.