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BRAZIL'S FOREIGN POLICY: BOLSONARO'S FIRST EIGHTEEN MONTHS

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Brazil's Foreign Policy: Bolsonaro's First Eighteen Months

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A previous CINDES' policy brief, issued in May 2019, addressed the first months of Brazilian President Jair Bolsonaro's foreign policy¹. According to its conclusions, there were "strong indications that a rupture in Brazil's foreign policy is deliberately being promoted", at the economic as well as the political level.

Taking stock of the evolution of Bolsonaro's foreign policy in the eighteen months of his tenure as President, this second brief discusses to what extent the intended political and economic rupture has actually taken place, and the prospects for the future of foreign policy under Bolsonaro.

Foreign Policy Under Attack

More than eighteen months have passed since Jair Bolsonaro took office as Brazilian President at the start of 2019. Since the beginning of his term, the foreign policy adopted by the new government has been strongly criticized by the bulk of academics, ex-ministers in charge of foreign affairs, politicians, etc. The focus of criticism has been twofold: the almost automatic alignment of Brazil to U.S. positions in different issues related to the international order and the 'politization' of Brazil's foreign policy.

The two aspects of the new foreign policy—alignment to the U.S. and politically-driven positions—are closely intertwined. Alignment to the U.S. is driven by the political and ideological preferences of the President and his inner circle, and by the idea that Brazil must prioritize its relationships with countries identified by their 'like-mindedness' to Brazil in political terms.

Domestic criticism of Brazil's foreign policy grew stronger and louder as the responses and the rhetoric of Bolsonaro's government followed closely those of President Trump in the U.S. when dealing with the spread of the COVID-19 pandemic in Brazil. At different times, members of the inner circle of the President echoed Trump's version of the pandemic, blaming China (and the World Health Organization) for the upsurge and the global spread of the virus. Since June 2020, Brazil and the U.S. have become the countries with the largest numbers of cases and deaths related to the pandemic.

However, even before the COVID-19 pandemic, the evolution of Brazil's foreign policy under Bolsonaro was widely perceived as a twofold political rupture with the foreign policy tradition.

First, the relationship between Brazil and the U.S. has been historically a sensitive issue in Brazil's debate on foreign policy, widely perceived as a symbol of the North-South

1. Motta Veiga, P. and Rios, S.R. (2019). Brazil's foreign policy under the new government: the first movements of a rupture, Policy Brief, May.

economic and political inequality against which Brazil directed much of its diplomatic efforts in the last decades. Differently from other Latin American countries, Brazil never adopted a ‘bandwagoning’ strategy towards the U.S., opting instead for an ‘autonomous’ strategy.

Second, foreign policy in Brazil has historically focused on economic issues. Through international arbitration and diplomatic negotiations with neighbor countries, Brazil has become, since the beginning of the twentieth century, a “geopolitically satisfied country”. Since then, “the definition of external threats and the perception of risks arise basically from economic vulnerabilities—not from security ones”².

What About Economic Foreign Policy: Any Rupture There?

The almost exclusive focus of the domestic debate on the political aspects of the new foreign policy overshadowed the evolution of the economic dimension of the policy. In some aspects, political alignment to the U.S. has influenced the economic agenda of foreign policy. Brazil’s unilateral decision to waive the Special and Differential Treatment (SDT) status in World Trade Organization future negotiations—announced during Bolsonaro’s visit to the U.S.—and the recurrent frictions with China—Brazil’s main trading partner—fostered by Bolsonaro himself and his inner circle, provide two good illustrations of the political influence over the economic agenda.

But it is also true—and maybe more relevant when assessing the new government’s foreign policy—that in other aspects and issues the economic external agenda has evolved subject to various interests and preferences that cannot be reduced to the political priorities of the President and his inner ‘ideological’ circle. This perception can be illustrated by the evolution, in the first year of the new government, of Brazil’s trade agenda.

The first example refers to unilateral trade liberalization. As known³, Bolsonaro’s program as a presidential candidate included a commitment to open the economy to foreign trade, acknowledging the costs of trade protectionism to the Brazilian economy.

Some relevant steps were taken through preferential trade agreements (PTA), with the conclusion of MERCOSUR negotiations with the European Union and the European Free Trade Area in 2019. Other negotiations are in process, with Canada, South Korea, and Singapore. The conclusion of negotiations with the two European trade blocs has been a landmark in the history of Brazil’s economic foreign policy⁴. For the first time, Brazil (through MERCOSUR) concluded a comprehensive trade agreement with developed countries, whose objective is the creation of a free trade area between the regions involved.

2. Soares de Lima, M. R. (2005) – *Aspiração internacional e política externa* – Revista Brasileira de Comércio Exterior n. 82, ano XIX, Janeiro / Março.

3. Motta Veiga, P. and Rios, S.P. (2019). *Op. cit*

4. Brazil has historically avoided trade and investment agreements with developed countries, whose trade liberalization goals are perceived as threats to the import-competing industrial sector whose rules and disciplines are seen as restricting ‘policy space’, especially for industrial policies.

Although relevant as an inflexion in the historical trajectory of Brazil's economic foreign policy, liberalization through PTA seems to have replaced, in the rhetoric and the practice of the trade policy, the idea of unilateral trade liberalization. PTAs take longer than unilateral liberalization to produce economic effects and the switch of priorities—from unilateral to negotiated liberalization—was welcomed by the import-competing (protectionist) industrial sector.

Furthermore, during the first eighteen months of Bolsonaro's term, no relevant unilateral measure geared at reducing the protection afforded to domestic producers has been implemented. A proposal for reducing tariffs on capital and informatics/telecommunications goods, developed under the previous government and discussed in the first months of the new one, was ultimately not adopted, under pressure from the potentially affected sectors. At the same time, in the agricultural sector, some protectionist measures were enforced unilaterally, targeting specific products, including bananas and powdered milk.

The issue of trade liberalization overlaps with the MERCOSUR issue, because Brazil shares with the other member countries a Common External Tariff (CET)⁵. From the outset of its term, the new government announced that it would propose a systemic review of the CET, aiming at a 50% reduction of the applied tariffs across the sectors. In broad terms, MERCOSUR seemed to be perceived by the new government as a protectionist device, with high tariffs to protect domestic production from import competition.

This view was initially shared by the Macri government in Argentina (2015-2019), but the deepening of the macroeconomic crisis in Argentina, during the last year of his term (2019), reduced significantly its room for maneuver to reduce tariffs and embrace the Brazilian proposal. On Brazil's side, the trade liberalization agenda was substantially downgraded in the ranking of policy priorities, which, consequently, reduced the priority given to the revision of the MERCOSUR CET.

The election in November 2019 of an Argentinian president politically distant from Bolsonaro, fostered bilateral criticism in the political arena, but was not sufficient to revive the debate between Brazil and Argentina on MERCOSUR's integration model, or to lead to a restart of the negotiations on the Brazilian proposal on CET reform.

In such a scenario, the interests of the industrial sectors in the member countries—most notably in Brazil—recovered their primacy in the setting of MERCOSUR's agenda and the status quo prevailed. The CET reform is still formally on the agenda, but no one expects that the discussion will lead to concrete outcomes in the near future.

In these two emblematic cases, continuity has prevailed over rupture and the current status quo is likely to last for Bolsonaro's remaining time as President. The interests that historically have driven Brazil's trade policy imposed their views as far trade liberalization and the MERCOSUR process are concerned, and there has been no rupture in the political economy of trade policy inherited from previous governments.

In addition to those two major examples, some politically driven initiatives with potential economic impacts have been limited or not even adopted under the pressure of strong

5. MERCOSUR is a customs union and supposedly has a common trade policy, in practice limited to an incomplete common external tariff.

domestic interests. The case of bilateral relations with China illustrates this perception: despite some tough rhetoric, a pragmatic and economically-driven approach from the Brazilian government as a whole has prevailed—at least so far—reflecting the pressure of the powerful agribusiness sector, for which China is the largest export market.

In all these cases, pragmatism and the economic interests of the business sector have prevailed. In this sense, the political motivation behind the two announced proposals seems to have been overtaken by economic concerns related to their potential impacts on the dominant position of domestic producers in the domestic market, and on Brazilian exports to China and to MERCOSUR.

On balance, Bolsonaro's foreign policy has been driven by a somewhat paradoxical combination of political and ideological preferences with pragmatism pushed by economic considerations and interests. It seems fair to argue that Brazil's foreign policy follows the political and ideological preferences of the government as far as its rhetoric is concerned, while the translation of rhetoric into practice has been 'modulated' (and moderated) by domestic economic interests favorable to continuity over rupture in economic foreign policy⁶.

Consequently, in broad terms, rupture in Bolsonaro's foreign policy seems to have gone further in political than in economic terms, which leads to a further question: is this political rupture sustainable? To put it differently: will it be able to produce a long-lasting shift in the trajectory of Brazil's foreign policy?

How Sustainable is the Political Shift?

To answer these questions, it is useful to disentangle the two aspects that make for the supposed political rupture in Brazil's foreign policy: the almost automatic alignment of Brazil to U.S. positions on different issues related to the international order and the 'politization' of Brazil's foreign policy.

For the first aspect, it is worth recognizing that the efforts made by the government to tighten the bilateral relationship with the U.S. have been frustrating, pointing to an ideological and non-strategic approach from the Brazilian government, with no clearly stated goals and no means to achieve them. Beyond that, the Brazilian approach to this issue seems to ignore the trends that have dominated U.S. foreign economic policy under President Trump's administration, largely driven by economic nationalism and a beggar-thy-neighbor approach.

The domestic repercussions of some recent episodes involving the U.S.-Brazil relationship—including the Brazilian official response to the pandemic, mimicking the U.S. response—seem to reinforce this conclusion. The tightening of the ties with the U.S. is exclusively justified by the President and his inner circle on political (or even ideological) grounds, and has not been framed by any kind of strategic vision and/or programmatic set of actions and objectives.

6. Although concentrated on the 'rhetoric foreign policy', the political and ideological preferences of the government have shaped some concrete attitudes and stances in international fora, driving Brazil's votes at the United Nations on issues including human rights, cultural values, and sanctions imposed on Cuba.

This obviously does not prevent the ‘ideological group’ from influencing foreign policy to push for closer relationships with the U.S. and other like-minded countries⁷. But at this point in time it seems that these initiatives owe more to the fostering of domestic ‘cultural wars’ through social media than to the pursuit of a new foreign policy strategy. Therefore, it is hard to imagine that this push would get sufficient political traction to change effectively and durably the course of Brazil’s foreign policy, beyond Bolsonaro’s term. This is why the tightening of ties with the U.S is likely to add to a series of short-lived episodes of alignment to the U.S. in the international arena, associated with very specific governments or historical moments.

However, this does not mean that Brazil’s foreign policy will return to the status quo after Bolsonaro, which leads us to the second aspect of the supposed political rupture: the ‘politization’ of an agenda historically focused on economic issues.

In Brazil, foreign policy was largely spared from domestic political debate during the import-substitution period and beyond, because it was consensually perceived as the external dimension of the industrialization strategy⁸. Continuity helped to consolidate the widely-shared perception that foreign policy is a matter of State, to be developed in a different plan from domestic politics.

‘Depolitization’ of foreign policy started to be challenged in the first decade of the twenty-first century, under Lula da Silva’s two presidential terms (2003-2010). To be sure, to a great extent, this evolution does not exclusively relate to Brazil’s circumstances. It reflects the thematic expansion of the trade policy agenda in the last decades of the twentieth century and beyond, which brought to the trade policy arena players that were not directly concerned with trade and foreign policy, including the legislative branch and different segments of civil society. Through trade negotiations, foreign policy became an issue for many social groups and a potential source of domestic political legitimacy (or illegitimacy) for governments⁹.

Beyond that shift, shared by many developing and developed countries, some foreign policy options chosen during Lula da Silva’s administrations brought to the foreign policy agenda an unseen level of politization. Trade negotiations became a tool for forging political alliances and coalitions, irrespective of their relevance when assessed using an economic metric. In South America, the economic integration agenda was frozen to the benefit of a political agenda fostering cooperation between Brazil and politically like-minded governments (Argentina, Venezuela, Bolivia, and Ecuador).

Hence, the politization of Brazil’s foreign policy was a central component of Lula da Silva’s governments and, as such, this phenomenon preceded Bolsonaro’s election. In comparison with the Workers’ Party (Partido dos Trabalhadores, PT) government,

7. As stressed in the previous brief (Motta Veiga and Rios, 2019, op. cit), “Brazil’s foreign policy under Bolsonaro evolves under the influence of different groups, with very diverse views on the course of the international system and Brazil’s interests in it. The so-called ‘ideological group’ is strongly represented in the inner circle of the President (...).The members of this group share an ‘anti-globalist view’, averse to international governance institutions and agreements—including in areas such as migrations, climate change etc.—very similar to the views promoted by the Trump’s government. The ‘liberal group’ is concentrated in the Ministry of Economy and it is responsible for pushing the economic elements of the rupture in the foreign policy, as well as the unilateral trade reform”.

8. Motta Veiga, P. and Rios, S.P. (2019). op.cit.

9. In Brazil, the (unsuccessful) negotiations of the Free Trade Area of the Americas (FTAA) were the main trigger for the politization of the foreign policy arena.

Bolsonaro has only inverted the political signs (from left to right) and ‘doubled the bet’ on the politization of foreign policy¹⁰.

Therefore, irrespective of specific government’s political values and preferences, Brazil’s foreign policy seems to have durably become part of the arena of domestic political debate and has become politicized. There is no indication that this trend will be reversed in the future.

Summing Up: Reassessing the Intended Rupture

Putting together the evolution of the different components of Bolsonaro’s foreign policy, it seems clear that, in the economic dimension of the policy, a relevant inflexion—but not a rupture—has taken place. The main movements that point to this inflexion were the conclusion of trade negotiations with the EU and a less defensive stance at the WTO, where Brazil applied for membership to the plurilateral Government Procurement Agreement (GPA)¹¹. Movements that would actually represent a rupture in the tradition of Brazil’s economic foreign policy—unilateral trade liberalization and a shift in the integration model adopted by MERCOSUR—have been withdrawn from the agenda.

In the political dimension, the politization of foreign policy under Bolsonaro points to the deepening of a phenomenon that emerged explicitly during the Workers’ Party governments. The stridency of politization during the last year and a half could skew the analysis, suggesting a rupture where there is in fact continuity.

Strict alignment to U.S. positions would indeed represent a political rupture in the trajectory of Brazil’s foreign policy, but, as argued here, this seems to be unsustainable beyond Bolsonaro’s government, first because there is no strategy behind Brazil’s alignment, and second, because the U.S. does not respond to Brazil’s movements with initiatives that could be perceived as a reward for Brazil’s loyalty. Perhaps more importantly, Brazilian unilateral alignment seems to owe more to the admiration of Bolsonaro’s inner circle for Trump than to any other political or economic factor. If this is the case—and there are good reasons to believe it is—Brazil’s alignment to the U.S. could be seriously hit and ‘vanish in the air’ if Trump is not reelected in November 2020.

Eighteen months of government have been enough to outline the extension and the limits of the rupture in Brazil’s foreign policy pursued by the new government. If there

10. Politization of foreign policy under the Workers’ Party governments was less noticeable than under Bolsonaro. There are reasons for that. In the former case, the political view guiding foreign policy shared many points with the historical paradigm that has dominated Brazil’s foreign policy (priority given to multilateralism and to coalitions of developing countries and a permanent ‘soft counter-hegemonism’ targeting the U.S. and its influence, especially in South America), making it a kind of leftist version of mainstream thought on Brazil’s international relations. In the latter case, politization has meant, besides alignment to the U.S., a rhetoric of anti-globalism and radical conservatism, as far as cultural and social values are concerned. These are ideas that have never been a part of Brazil’s foreign policy, in practice or in words.

11. It is important to stress that, as in the case of Brazil’s demand for accession to the OECD, in 2017, the conclusion of the MERCOSUR–EU negotiations became a priority in the economic foreign policy agenda during the government of Michel Temer (May 2016 to December 2018), which immediately preceded Bolsonaro’s government. However, it seems indisputable that the final push, from the Brazilian side, to conclude the negotiations came, mainly through additional concessions, during the first six months of the new government. On the other side, it is also indisputable that policies followed by Bolsonaro in sensitive areas such as the environment, can jeopardize the efforts made to conclude the negotiations and postpone the ratification of the agreement.

is rupture, it is concentrated on the unilateral alignment to the U.S.—which, in its actual terms is unsustainable. In the other aspects of foreign policy, continuity prevails, despite rhetoric betting on extreme politization.

As for the near future, the main challenge to be faced by the government in the field of foreign policy is the competition between the U.S. and China and its implications for Brazil. This is an issue involving political and economic questions, and the debate in Brazil will surely be, in some measure, framed and influenced by evolution of the international scenario, increasingly polarized.

U.S.- China Competition in Brazil: A New Challenge for Foreign Policy

In the first decade of this century, China became Brazil's main trading partner. The two countries are partners in BRICS, considered a South-South cooperation forum, but their bilateral economic relations are typical of a North-South pattern: China exports manufactured goods to Brazil and imports basic commodities (iron ore and soybeans, essentially) from Brazil. Critics of this pattern of trade argue that by exporting food and raw materials and importing industrialized goods, Brazil faces the risks imposed by the volatility of commodities prices and de-industrialization.

Since 2010, China has become a major foreign investor in Brazil, mainly through state-owned companies investing in infrastructure, particularly in the energy sector. Chinese investment has been widely welcomed in an environment characterized by declining investment rates and low economic growth. However, more recently, some concerns have been raised by Brazilian policymakers and analysts pointing out the economic and geopolitical risks of an 'excessive' dependence on Chinese state-owned companies in sectors perceived as strategic for the economy. This perception was reinforced by the recent evolution of Chinese politics, which seems to confirm the central role of state-owned companies in the country's development model and internationalization strategies. During his election campaign, President Bolsonaro warned that the "Chinese are not buying in Brazil. They are buying Brazil"¹². As argued, since the President took office, the issue has not been raised again, suggesting that a more pragmatic and economically driven stance has prevailed. This stance seems to have been confirmed by the visit of President Bolsonaro to China, in October 2019.

Although bilateral relations are nowadays being managed with a pragmatic tone, despite some rhetoric disputes, one cannot discard the possibility that the priority given by the Brazilian government to its relationship with the U.S. could hinder Brazil's relationship with China.

One critical event for the positioning of Brazil in the dispute between the U.S. and China will be the bid for 5G technology, likely to happen in the second half of 2020 or in the first half of 2021. High-ranked U.S. officials—most notably the Secretary of Commerce—have warned Brazil against the "risks" of allowing Huawei, a private Chinese company, to

12. See <https://noticias.uol.com.br/politica/eleicoes/2018/noticias/reuters/2018/10/25/discurso-anti-china-de-bolsonaro-causa-aprensao-sobre-negocios-com-o-pais.htm>.

participate in the bid and possibly become a provider of 5G services in Brazil¹³.

In recent months, the international scenario became more polarized between the U.S. and China as far as the dispute over technological leadership is concerned. At the same time concerns related to Huawei—and its supposed links to the Chinese Communist Party—and, more broadly, to the Chinese strategy in high-tech sectors, have grown in different economies, ranging from the EU and individual European countries to Canada, Australia, and New Zealand. Many of these countries have adopted measures that will in the short or mid-term exclude Huawei from their domestic markets.

These developments will have an impact on the Brazilian debate on the issue of 5G-Huawei. It will become more difficult to argue in favor of the Chinese company, on grounds of economy efficiency and costs, disregarding the political dimension of the affair. At the same time, a decision banning Huawei could jeopardize efforts to attract Chinese investment in different sectors. When decisions on this issue are taken in Brazil, the presidential election in the U.S. will have already occurred, maybe affecting Brazilian unilateral alignment to the U.S.

How these elements will interact and make for a decision that, in any case, is unlikely to satisfy both global super-powers, and what implications the decision will have on Brazil's bilateral relationships with the U.S. and China, seem to be the only remaining challenges to be faced by Brazil's foreign policy under Bolsonaro.

13. In February 2020, the Brazilian government opened a public consultation on the tender document for the 5G bid. The document does not explicitly ban the participation of Huawei in the bidding process. However, one cannot exclude the possibility of a veto from the government when the final version of the document is published.

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