

The Foreign Policy of the Lula Government

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I wish to thank you for your presence and express my satisfaction at being able to present to you Brazil's perspective on current international challenges. As President Lula indicated, when he spoke to you on July 2003, the London School of Economics and Political Science is held in very high esteem in our country for its tradition for independent thinking. Many in Brazil have drawn inspiration from the work of LSE professors and scholars.

As a young diplomat in London, I was a post-graduate student at LSE, and benefitted greatly from the intellectual vitality and social responsibility which are the hallmarks of this institution. The name of Ralph Miliband stands out in my mind amidst other distinguished intellectuals; as a political scientist and as a human being. To me and to many of his students and admirers, Miliband represented this unique blend of idealism and pragmatic thinking that were at the very origin of LSE. I feel greatly honoured to be here today.

Last July you had a first hand account, from President Lula himself, of Brazil's determination to implement a programme of change capable of placing our economy on the path to sustainable growth with effective income distribution, job creation and social inclusion. You are aware of the special attention we attribute to the fight against hunger and extreme poverty at the national level. I need not elaborate on Brazil's commitment to democratic rule and responsible governance.

My task, as Minister of Foreign Affairs, is to reflect these values and priorities in our relations with the rest of the world – in accordance with President Lula's vision of a more democratic, cooperative and humane international environment.

It might be said that in many respects my position is enviable: respect for President Lula's personal leadership has opened many doors to representatives of the Brazilian Government worldwide – in the North and in the South.

As I have often observed to journalists in Brazil and elsewhere, the demand for President Lula's message is greater than the "supply" of Lula. In every country I have been to – and I have travelled widely during the past fourteen months – I have found much sympathy and support for the policies and the spirit of the Lula Government. No doubt, Brazil – under President Lula – is touching many hearts and reaching out to many minds.

At the same time, I am under no illusion that we will continue to face an uphill battle in our diplomatic agenda on crucial areas, such as: making international trade less skewed against developing countries – from agricultural subsidies to intellectual property constraints; mobilising resources for the attainment of the "Millenium Development Goals" – and reducing hunger and poverty in particular; strengthening real and effective multilateralism and promoting more representative and democratic decision-making at the global level – from the UN Security Council to the G-8; establishing social justice and respect for international law as the foundations for enhanced security and lasting peace.

In Latin America and other parts of the developing world we have been suffering - for some time now – the social consequences of policies unsuited to our circumstances. As pointed out in the recently published ILO panel report on The Social Dimensions of Globalisation, the new emerging consensus is that globalisation has not lived up to its promise. It has failed to improve the livelihood of most people in the developing world.

In many quarters it has made social problems more acute. As Joseph Stiglitz said, if we wish to stem the growing tide of discontent towards globalisation we must promote more inclusive debates and focus more on the social agenda. This implies reviewing some of the neoliberal assumptions and prescriptions about minimizing the role of the state and a blind faith in the ability of market mechanisms to produce the changes needed to make the world socially more fair and politically more stable.

Thanks to a comparatively benign domestic political evolution, Brazil has been spared the serious social turbulence that has afflicted many of our neighbours from Ecuador to Argentina, from Venezuela to Bolivia. But this has only made us more sensitive to the interconnectedness between our own destiny and that of our fellow South Americans.

As I have stated before, if we fail to integrate through increased trade and investment, and if we don't join our forces on the basis of our shared democratic values and cultural affinity, we may have to resign ourselves to the perverse integration of illegal armed groups, organised crime and drug-trafficking.

Clearly, we must assume our individual and regional responsibility in the search for new and more balanced policies. We must preserve the political achievements since the end of the military rule, in the 70's and 80's. But we must also improve the lot of our people.

In Brazil, we have been working hard to defeat disillusionment and promote renewed faith in our ability to work together, within South America and beyond, towards common prosperity and stability.

The cornerstone of this effort of integration has been the bilateral relationship with Argentina. The broad convergence of views between Presidents Lula and Kirchner on the most pressing issues confronting us has been expressed in the "Buenos Aires Consensus", adopted on October 2003.

This document reflects our common aspiration for economic growth with social justice and manifests our determination to transform the MERCOSUL trading block (which also comprises Paraguay and Uruguay as full members, and Bolivia, Chile and Peru as associated members) into a catalyst for building a shared future. The meeting that has just ended in Rio between the two Presidents confirmed once

again this commonality of perception, while fully recognising the particularities of the situation of each country.

Successful negotiations with the Andean Community (involving Colombia, Ecuador and Venezuela) set the stage for a common economic space, capable of heralding a new chapter in our integration efforts in the Continent. If we add to these initiatives our growing links to Guyana and Suriname, the emergence of a “South American Community of Nations” – to borrow from President Alejandro Toledo of Peru – does not look like a distant dream.

The importance of this process does not exhaust itself in the expected trade benefits and increased economic ties. More frequent and intense contacts among governments in the region will help us in our struggle against crime, drugs and illicit trade. It will increase our political unity and strengthen our negotiating capacity vis à vis other, more powerful nations and groups of countries.

Most of all, it will help in intensifying the people to people contact in an era in which restrictions based on concerns about security or illegal immigration tend to erect barriers between countries and whole regions.

Over the past year, all South American Heads of State came to Brasilia on official visits. In each case they were accompanied by several Ministers, allowing for fruitful, result-oriented talks on wide-ranging programmes for cooperation.

President Lula has been to most of our South American neighbours at least once, since taking office. I am in touch with my colleagues in the region on a frequent basis. Just to illustrate I have been five times to Peru and three times to Colombia in the past year. I have stopped counting the times that I have visited our MERCOSUL partners. This is all unprecedented. Past Governments had vowed to attribute priority to South America - and important steps were taken in this direction.

In practice, however, we had more people working on the Free Trade Area of the Americas than on strengthening MERCOSUL; we were less inclined to think creatively about the Colombian conflict, for example, than to react to plans designed by others.

Today we have revived MERCOSUL, concluded trade agreements with almost all other countries in the Continent, and become actively engaged in the not always easy search for stability in Venezuela, Bolivia, Colombia, in a spirit in which our traditional attachment to non-interference in the internal affairs of others is tempered by what I like to call “non-indifference”.

South America is therefore our first priority. But let me touch now upon other aspects of Brazil's foreign policy. In so doing, I would like to distinguish between two sets of cases: (a) on the one hand, situations that are part of the international agenda, irrespective of our will; and (b) on the other hand, our effort to reshape the international agenda – albeit in a limited way – with a view to creating a world more conducive to international cooperation for peace and development.

The security challenges stemming from September 11th and the current Iraqi crisis clearly fall into the first category. International terrorism is at the forefront of the international agenda, whatever we may think of its causes, or of the most effective way of coping with it. It concerns us all, whether our countries have been directly targeted or not. To Brazilians, the death of our compatriot Sergio Vieira de Mello and his colleagues, at the UN Office in Baghdad, stands as a painful reminder.

As I speak today, we are still under the shock of yet another heinous attack against innocent civilians, in Madrid. Brazil has been pressing for enhanced international cooperation to combat international terrorism at two levels: (a) firstly, to carry out repressive measures against terrorist organisations and organised crime, through judicial agreements, intelligence sharing, closer contacts among law enforcement

and police institutions in accordance with multilateral precepts and international law; (b) secondly, to promote tolerance, democratic values and greater attention to terrorism's social and economic roots. In joining forces, we should take into account the vast body of international law at our disposal and work multilaterally, mainly through the UN system, but also through regional organisations, to improve our preventive capacity.

By contrast, the idea of preemption seems to create as many problems as it seeks to resolve. Without entering into a detailed debate on the matter, I would venture to say that, in the absence of a multilaterally negotiated approach, the concept of preemptive military action to forestall imminent threats will never enjoy international legitimacy.

And when I say multilateral I am referring to the United Nations Security Council. As President Lula has stated before the UN General Assembly, "a world in which the use of force is not based on agreed multilateral rules and understandings will be intrinsically unstable and structurally insecure".

In the first months of 2003, President Lula took a series of initiatives, in order to contribute to a diplomatic solution to the Iraqi crisis. On the basis of a set of ideas floated by the Gulf States, he kept in touch with Secretary General Kofi Annan, and Security Council members with a view to obtaining Iraqi compliance with its international obligations while preserving the authority of the Security Council. Even after the war was initiated, he persisted in his diplomatic efforts, which included contacts with Pope John Paul II.

Today, we remain concerned with the level of violence in Iraq, and more broadly in the Middle East. As the first Latin American Head of State to speak before the Arab League, President Lula made clear, during his stay in Cairo last year, that Brazil stands ready to participate in a renewed diplomatic effort towards peace in the region. With this objective in mind we will shortly be establishing a diplomatic

mission at Ramallah, and I will be appointing a Special Envoy to the Middle East. We also intend to reopen our Embassy in Baghdad as soon as Iraq recovers its sovereignty.

As the country with the biggest number of people of Arab descent and a dynamic and highly influential Jewish community – both living peacefully side by side – Brazil thinks it can be of some assistance in efforts that have been deployed by the international community, while fully recognizing the complexities of this task.

In parallel, we are responding constructively and creatively – I hope – to Kofi Annan's invitation to look at contemporary threats to peace and reshape collective security. This implies looking at two interlinked aspects of UN reform: (a) enhancing the capacity of the Security Council to confront the current challenges to international peace and security, among them those posed by international terrorism and weapons of mass destruction;

(b) imparting the necessary legitimacy and representativeness to the Security Council so that it may carry out its enhanced responsibilities with greater effectiveness and broader international support. The outcome of the discussions of the "Blue Ribbon Panel", under UN Secretary-General's auspices, will help us focus on a new compact among UN member States. We have before us a historic opportunity to preserve and strengthen collective security, in a context which has been aptly described as "no less decisive than 1945 itself, when the United Nations was founded".

We are prepared to take up this challenge – and this is a matter which I intend to pursue in my contacts at the Foreign Office.

A reformed Security Council with new permanent members from the developing world has become an urgent necessity. In the economic sphere, President Chirac's initiative to promote an expanded dialogue between the G-8 and emerging

economies from Africa, Asia and Latin America is a step in the right direction. We hope his example will be followed and may lead to more permanent arrangements.

As we continue to strive towards these goals, we remain acutely aware that their attainment depends – to a large extent – on a more forthcoming attitude on the part of key actors in the developed world. But we remain optimistic. To our mind, all those genuinely committed to democratic values must join in the effort to promote more democratic decision-making processes at the world level.

Just as history has taught us to mistrust the false idol of autocratic efficiency, we should be wary of dispensing with the search for consensus, through dialogue and consultation, within multilateral frameworks. Instead, we must work together to perfection existing mechanisms and develop new ones. Unilateral actions may appear to bring speedier results. And this may well be the case. But most of the time, they are short-lived and lack legitimacy.

Of course, that does not mean that Brazil will hesitate to act individually, or in coordination with like-minded partners to promote vital interests relevant to humankind as a whole. I will refer to two of them, which are in fact interlinked: combatting hunger and ensuring that developing countries are provided with a level playing field in international trade. In many ways these projects involve a certain reconfiguration of the world's commercial and diplomatic geography.

The same impulse which leads us to strengthen our South American unity, can also be found in other initiatives such as “IBSA” – the newly established India, Brazil, South Africa trilateral forum that came to be known as the G-3. Bringing together three great democracies of the South, one in each continent, the G-3 can play a useful role as a magnet for cooperation among developing countries and as a force for dialogue – which is different from confrontation – with the rich North.

In the same spirit, we have been coordinating a Group of 20 agricultural exporters from the developing world – the G-20 – which made its appearance at the WTO Ministerial Conference in Cancun as a voice in favour of freer trade in agriculture and against the billions spent on trade-distorting agricultural subsidies. It is not an exaggeration to say that the G-20 for the first time in trade negotiations brought home a twin message on trade liberalisation and social justice.

Hunger, which affects one fourth of the world's population, of which 300 million are children, has been described by President Lula as the biggest and deadliest weapon of mass destruction. According to UN calculations, as many as 24 thousand individuals a day perish due to hunger related causes. At a recent gathering in Geneva, with the UN Secretary General, Kofi Annan, and Presidents Chirac, of France, and Lagos, of Chile, President Lula took the lead in proposing a new international drive to combat hunger.

The objective is to raise financial resources to invest in projects in areas such as agriculture, health and education. Several ideas and initiatives have been put forward, both as to how the resources should be tapped and as to how they should be better used. In addition to the Facility established last year by India, Brazil and South Africa – under the United Nations Development Programme – other proposals deserve to be examined and made operational.

In this context we welcome Chancellor of the Exchequer Gordon Brown's idea of an International Finance Facility that would anticipate, through a system of bonds, the materialization of the commitments made by donor countries. It is President Lula's intention to organise a meeting of Heads of State and Government immediately before the opening of this year's United Nations General Assembly to take stock and plan ahead.

The WTO Round of Trade negotiations, launched in 2001, raised legitimate expectations for a more development-friendly trading environment. Of central

importance was the possibility of bringing agriculture into the mainstream of the multilateral trading system – thereby putting an end to the regime of exceptions and waivers that protect inefficient producers in rich countries and castigate competitive exporters from the developing world.

At the WTO Ministerial in Cancun, coordination among a representative group of developing countries, with a special interest in agriculture, succeeded in preventing attempts to dilute the ambitious Doha mandate. The G-20 represents 22% of world agricultural production, 70% of rural workers and 60% of world population. Last December the G-20 met in Brasilia, at Ministerial level, in the presence of WTO Director-General Supachai Panitchpakdi and European Trade Commissioner Pascal Lamy.

Unfairly blamed for Cancun's stalemate, the G-20 is now recognised as a constructive and indispensable interlocutor for moving the Doha process forward. I am gratified that the United States Trade Representative, Bob Zoellick, is engaged in a new offensive to place the WTO trade talks back on track and look forward to an accelerated pace in the negotiations in Geneva.

As has become apparent in other important trade liberalisation exercises, such the FTAA, the WTO remains the principal forum for tackling trade issues such as agricultural subsidies and anti-dumping rules. Let me give you another example of what I mean by reshaping the international agenda. When President Lula took office, fourteen months ago, the FTAA negotiations had been proceeding under a framework which was highly unfavourable to Brazil and MERCOSUL.

Issues of priority concern such as agricultural subsidies and anti-dumping rules has been set aside – under the pretext that they could be dealt with in the Doha Round – while over-ambitious commitments – disproportionate to those under consideration in the WTO – were being sought in areas, such as intellectual property rights, government procurement, investment rules, as well as a framework

for trade in services that departs from the GATS. All these would impact directly on our latitude to promote development-oriented policies.

Thanks to a collective effort, a compromise was struck which allowed us to rebalance the negotiating framework at the Miami Ministerial Conference, last November, setting the stage for mutually beneficial outcomes, based on what a Free Trade Area should really aim at: access to markets.

Before concluding, I would like to refer to our relation with Europe. In Brazil we consider the current MERCOSUL-European Union negotiations for the conclusion of a trade agreement as strategically important. In addition to the potential commercial gains and strengthened economic partnerships, at stake is the notion of ensuring a healthy multipolarity in our trade relations with the developed world. Our trade with Europe is growing at a much faster pace than that with other parts of the developed world.

At the political level, we have been experiencing a new and increasingly vibrant dialogue with individual countries in the EU as well as with the Commission. I have not only been regularly in touch with Pascal Lamy – in Brasilia and in Europe – but have had fruitful talks on a wide range of issues with Commissioners Chris Patten and Javier Solana – who will be coming to Brazil next month. President Lula has developed close ties with a number of European leaders, including Prime Minister Tony Blair with whom he had the opportunity of exchanging ideas on Progressive Governance last year.

I have referred to President Chirac's amplified G-8 dialogue last year in Evian – which included Brazil – and his participation in President Lula's project on fighting hunger. Spain is the second largest investor in Brazil, and a "strategic partner". President Lula has visited Berlin and Lisbon and remains in frequent contact with the leaders of both Germany and Portugal.

In many respects Europe represents a model and an inspiration for our own integration efforts within MERCOSUL and South America. I am certain that both regions will greatly benefit from increased economic, political and cultural ties. For my part, as a former Ambassador to the United Kingdom, and as someone who owes a lot to this country and, in particular, this institution, I retain not only a professional but also a personal interest in developing relations with our British counterparts, in all fields: diplomatic, economic, cultural, educational.

I am thus very happy to be in London for a busy agenda, which includes not only this stimulating gathering at LSE, but also contacts with Foreign Secretary Jack Straw, the press, and the private sector.

Thank you.