

Lecture by His Excellency Sergio Eduardo Moreira Lima, Ambassador of Brazil to Hungary, at the Central European University, Budapest, Hungary, March 13th, 2012, on the topic “Brazil as an emerging global power: challenges and opportunities”.

I - Introduction

Mr President, distinguished guests, ladies and gentlemen.

First of all, I would like to thank Professor John Shattuck, President and Rector of the Central European University as well as Director Peter Balazs, former Hungarian Foreign Minister, for the invitation to participate in this series of lectures on the future of Europe and the world and to give my perspective on “Brazil as an emerging global power: challenges and opportunities”.

It is always a pleasure to come to CEU to interact with its outstanding academic body. Since I started my diplomatic functions in Budapest a year ago, I have been privileged to attend a range of high level political and academic activities organized by the University which is considered today one of the most important centers for international relations, democracy and human rights in central and eastern Europe.

Being a common aspiration among States, one may say that Brazil has always aspired to influence world affairs in order to protect and enhance its interests. The question is whether this aspiration has already turned into reality, as it implies the fulfilling of some prerequisites. Ultimately, they mean power, which is the capacity one state has to influence another. It can be either through *hard power*, that is, military or economic means used to coerce or induce other states to perform a course of action, or through *soft power*, that is, diplomacy, based on common political, cultural and historic values and interests. According to Harvard Professor Joseph Nye, soft power represents the ability to reach one country’s goals by attracting and persuading others to adopt them. Generally, global powers are considered those States which can systematically affect the whole international agenda.

II- Brazil: an emerging global power

Taking into account those definitions, most probably Brazil belongs to the category of a “soft power”, because of its growing capacity to influence both

the regional and the global agenda by diplomatic means and cooperation, exercised in the world scene with consistency, transparency, and legitimized by ethics and international law.

The foundations of this historic evolution may lay in the late 19th and the beginning of the 20th century. Then, in the context of the negotiations of Brazil's national borders, a foreign policy paradigm was established based on the principle of good neighborliness and on the application of widely accepted international rules. In fact, that old paradigm is still valid and could be found in Article 4 of the Brazilian Constitution of 1988, which establishes among the guiding principles for relationship with other countries (non-intervention, self-determination, international cooperation and the peaceful settlement of conflicts) the search for “economic, political, social and cultural integration of the peoples of Latin America, viewing the formation of a Latin-American community of nations”.

It should be stressed at the onset that Brazil's economic growth, social inclusion and consolidation of democracy in the last decades have enhanced the legitimacy of its foreign policy positions and diplomatic role in strengthening multilateralism and international cooperation. As Brazil manages to develop its economic potential, eliminates poverty and reduces still significant social inequalities, the overcoming of these hurdles generate the conditions to make diplomatic discourse compatible with internal policies. This gives credibility and opens opportunities for the country to share its experiences and raise the profile of common efforts, values and aspirations.

In order to gauge the influence of Brazil in international relations, I will address some specific fields of activities in relation to which the country is recognized not only as a reference but also as a player with the capacity to articulate positions, promote consensus and assist the international community in responding to the challenges of a changing multipolar world.

a) Political

Brazil is one of the world's largest democracies. Over 100 million voters participated in the general elections in 2002; 125 million voters in 2006 and 135 million voters in 2010. These elections reflected the country's political maturity, transparency and technological skills. A nationwide electronic vote – which was introduced in 1996 - ensured final and undisputed results only a

few hours after the polls were closed. Ever since, Brazil's electronic ballot system has been in growing international demand. The Brazilian government assists dozens of developing countries to improve their electoral capabilities and governance.

President Lula's election in 2002 conveyed an encouraging message internally and externally. Despite its shortcomings, Brazil is a land of opportunity. There, any citizen, no matter what his or her humble origin and cultural or religious background, may climb the ladder of social mobility and become the nation's highest authority. The nature of that political evolution in a developing country such as Brazil had worldwide repercussions.

In Brazil, this was not a circumstantial change but a structural one. In the 2002 elections, three out of the four main candidates for the office of President came from ethnic groups that were not part of the Brazilian elite. Lula was a metallurgical worker born in the impoverished interior of the Northeast, who later migrated to São Paulo. Senator José Serra comes from a family of Italian immigrants. Anthony Garotinho is of Arab descent. They are proof of the changes in Brazilian society as well as in the reach of its political representation system.

When Lula was re-elected in 2006, his main opponent was Geraldo Alckmin, the Governor of São Paulo, the State with the highest GDP within Brazil's federation. A former physician, born in a small city in the interior of São Paulo, Alckmin also came from a modest family of Lebanese origins.

In 2010, two out of the three main candidates were women, Dilma Rousseff, an economist, former Minister of Energy and Minister of Civil Household; and Marina Silva, a Senator and former Minister of the Environment, of very humble origins. The third candidate was Jose Serra, then former Governor of Sao Paulo. Daughter of an immigrant from Bulgaria, Mrs Rousseff was the first Brazilian woman to become President of the country. Her election contributed to promote gender equality and enhance the role of women in contemporary politics and society. She was considered by Forbes magazine the third most powerful woman in the world in 2011.

Brazil is a plural and representative democracy, with a multi-party system in which many political parties share the vote, making difficult for a single party to have a 2/3 majority. Governments have to form coalitions to have their projects approved in Parliament. A free press and a system of checks

and balances between the Executive, Legislative and the Judiciary prevent abuses of power and distinguish Brazil among other emerging nations. Because of the legitimacy it confers to the political system, this principle is most critical for national as well as for international governance. Brazilian institutions cooperate internationally to enhance management capabilities, transparency and accountability and promote the rule of law.

b) Demographic and ethnic

Brazil has over 190 million inhabitants (2010 census), the fifth largest population in the world. It is not a mosaic of ethnicities, but rather a melting pot of races, religions and cultures, linked by a strong national identity. Due to its highly mixed and culturally rich society, some believe Brazil may become the first tropical civilization emerging from such an intermingled and diversified human environment. Brazilians are proud of recent progress achieved towards full citizenship, which enhances our legacy of harmonious coexistence and integration of different ethnical groups.

c) Geopolitical

Brazil possesses the world's fifth largest territory (8,5 million Km²) and has frontiers with all countries in South America with the exception of Chile and Ecuador. Brazilian territorial borders extend over 16,800 Km, that is more than the distance between Rio de Janeiro and Budapest (about 10,000 Km).

The delimitation of Brazilian borders with its ten neighbors concluded in the early 20th century created an important factor of territorial stability in South America, even more so when the fragmentation of Spanish America is taken into account.

The paradigm of Brazil's foreign policy since the Patron of Brazilian Diplomacy, Baron of Rio Branco (1902-1912), has been to make the best politics and economics out of the country's geography. Brazil has traditionally supported the development of regional integration initiatives where it shares with its neighbors a leading role in strengthening political, economic and social cooperation, like the Southern Common Market (MERCOSUL) as well as the Union of South American Nations (UNASUL) and more recently the Community of Latin American and Caribbean States (CELAC).

d) Economic and social

Brazil is the sixth largest economy in the world in terms of real exchange rate and is expected to be the fifth in the next few years. Due to the expansion of its internal market, its economic performance has become more stable while its vulnerability to external shocks has diminished. With enlarging services and manufacturing sectors and a relatively young population, the size of Brazil's market can continue to significantly expand within this generation as the country further promotes social mobility. The stabilization of the currency, economic growth and social programs are reducing poverty and improving income distribution. This new economic status has qualified Brazil as a member of the G-20, the group which comprises the twenty major world economies.

Over the past decade, more than 40 million Brazilians have been lifted out of poverty thanks to public policies aimed at ensuring sustained economic growth and social inclusion. "Bolsa Família" cash transfer programme has provided monthly stipends to poor families to keep their children in school and ensure they have regular medical check-ups. That programme has reduced poverty and broke the cycle of passing it down to future generations. Raising the minimum wage led to the expansion of social development and overall reduction in income inequality. The "Brazil without Extreme Poverty" launched in 2011 aims at eliminating extreme poverty by 2014.

Another interesting characteristic of modern Brazil, regarding its economic possibilities, is not the size of its market or the country's overall productive capacity, but the diversity of Brazilian entrepreneurship. As the third largest producer of civil aircrafts and at the same time a powerful player in agri-business and world food production, Brazil has not only the capacity to influence global trade but also to respond to the food security challenge. This reflects in the country's high profile within the WTO and the FAO, whose Director General, Dr. José Graziano, is a former Brazilian Minister, responsible for the Zero Hunger program.

In fact, Brazil has become a world's agri-powerhouse. The potential for expansion in the agricultural sector is still significant. Agriculture occupies 62 million hectares now. According to Embrapa, Brazil's main agricultural research institute, it could stretch out to another 90 million hectares without

touching the Amazon rainforest. Only a relatively small proportion of Brazil's agricultural production is exported – evidence of the size of the domestic market. Expansion in agricultural production requires advances in market access for exports and major investment in transportation infrastructure, both of which are high priorities on the government's agenda.

On the other hand, Brazil has developed a dynamic industrial park and is improving its capacity to compete in technological conditions with most developed countries. From textiles, shoes, chemicals, cement, lumber, iron ore, aluminum, steel to aircraft, motor vehicles and parts, machinery and equipment.

Brazil has managed to diversify its markets: European Union, Latin America, Asia and USA have a well-balanced share as main destination of Brazilian exports and sources of Brazilian imports. This makes the country a global trader.

In 2010, Brazil ranked fifth amongst the most attractive countries for foreign direct investment, according to UNCTAD. In 2011, Brazil received a record inflow of US\$ 66.7 billion in FDI (Banco Central). The figure was 37,4% higher than the previous year and expectations are that Brazil has moved up the scale of FDI recipients.

Nowadays, Brazil is not only a global trader but also a global investor. Brazilian investments abroad increased significantly in the last decade. The process of internationalization of Brazilian multinational companies and investment climbed from US\$ 50 billion, in 2001, to US\$ 216 billion, in 2011. UNCTAD estimates that by 2017 the emerging countries will have overtaken the developed economies as a source of FDI.

e) Technological

Brazil will host the VI World Science Forum in Rio de Janeiro in 2013, the first time it will take place outside Budapest. In the last meeting held in Hungary last November, the Forum maintained that “the former triadic dominance of North America, Europe and Japan in global knowledge production has been seriously challenged, and a new multipolar world of science has emerged accompanied by the rise of new scientific powerhouses, which are now not only prominent actors in world economy but have become key players in cutting edge research and development activities”.

One of the emerging countries with the best science base (as measured by the frequency its scientific papers are quoted), Brazil is distinguished by world class technology development in diverse areas such as aeronautics (Embraer), tropical agriculture (Embrapa), biotechnology (Genome) and energy (deep sea oil exploration and biofuels). It provides outstanding examples of inventing technologies to expand agricultural production. The conquest of the cerrado (savannah like vegetation in the semi-arid region of Brazil's mid-west and northeast) is the fruit of breakthroughs like the invention of soy varieties that thrive in tropical conditions. In public health, Brazil is considered a reference in terms of prevention and control of HIV-Aids as well as of tropical diseases.

Due to the development of advanced technologies for deep sea drilling, Brazil has become oil self-sufficient and a growing exporter of the product. It has also the largest and most successful alternative program for reducing oil dependency by using biomass as fuel on a very large scale. This alternative program represents a major effort to stabilize and enhance the value of an agricultural commodity through the development of its potential as a clean fuel, with a reduction of carbon emissions. It is seen as an example to be followed, in particular by those developing countries whose economies are based on agricultural products.

Brazil has developed a full-fledged nuclear electricity program, as well as the technology to produce the fuel to its nuclear power plants. Brazil has some of the largest reserves of uranium. The Resende plant, in the State of Rio de Janeiro, represents a major step towards Brazil's development and its search for energy self sufficiency. Brazil has signed and ratified both the Tlatelolco Treaty and the Non-Proliferation Treaty. Furthermore, Brazil's Constitution prohibits the development of any nuclear activity for weapons program.

Space research is another area in which Brazil has been investing considerable human and material resources. Brazil has built its own communication satellites since 1993 and has launched its first rocket into space, in 2004, from the Alcântara launch site in Maranhão. Brazil started to export sounding rockets and engine components to Europe. Brazil is a member of the Missile Technology Control Regime (MTCR).

f) Environment

Brazil will host for the second time the largest international conference on environment and development. The United Nations Conference on Sustainable Development (Rio + 20), which will take place in June in Rio de Janeiro, represents an opportunity to effect a shift in an economic development model that still struggles to incorporate social development and environmental protection issues.

Brazil has been playing a leading role in environmental diplomacy and the development and codification of environmental law. It stands at the heart of important environmental questions: the Amazon and its forest; the production and use of fresh water (Brazil has 14% of the world's renewable fresh water); biodiversity; and technology for carbon emissions reduction. Rio + 20 is an expression of the country's commitment to these issues.

g) Energy

Brazil is the economic power with the cleanest energy matrix. It is one of the world's leading producers of hydroelectric power, with 80% of its total installed electricity-generation capacity obtained from hydropower resources, if imports from Itaipu are considered. The Itaipu power plant between Brazil and Paraguay is the second largest hydroelectric plant in the world after the Three Gorges in China.

Brazil will have to expand the use of nuclear power for electricity production in order to meet the increase in energy demand. Brazil has in operation two nuclear plants and is building a third.

One of the world's largest alcohol fuel producers, Brazil's vehicles are powered with gasoline with up to 30% ethanol. It has also developed the so-called flex fuel cars, which can run simultaneously on pure alcohol, gasoline and alcohol mix or natural gas.

The largest oil discovery in recent decades, the undersea deposits off the coast of Brazil creates the potential to move the country into the ranks of leading oil producers, with major implications for the global market. Brazil's output should increase to 4.5 mbd by 2020, making it the fourth largest producer after Russia, Saudi Arabia and the United States.

h) Diplomacy

Diversity of economic ties and commercial presence in the world has required Brazil to strengthen and widen its diplomatic reach. In the last eight years, Brazilian career diplomatic personnel increased from 1000 to 1526; the number of diplomatic representations reached 226, an increase of 40%. Brazil has relations with all the 193 members of the United Nations and resident Embassies in most of them. This expansion was most significant in the developing world: Africa (17 new diplomatic posts) and in Latin America and the Caribbean (15). Due to the percentage of Brazilians of African descent, Brazil has been referred to as “the second largest African country” (after Nigeria). Most official visits of former President Lula were to Africa and South America in an effort to boost South-South cooperation.

Brazil has a century-old record of active participation in international fora. In the last decades, its tradition of articulating positions in favour of developing countries in questions such as trade disputes as well as social issues like public health and fighting poverty became more known. Brazil’s diplomacy has traditionally been active on a range of international issues - security, disarmament, trade and economic affairs, the environment and human rights. As a member of the G-77 or as an observer of the Non-Aligned Movement, Brazil is known for its contribution to strengthen multilateralism.

Brazil spearheaded the formation in 2003 of the G-20 group of developing countries to press for liberalisation of trade in agricultural products at the WTO. At a certain point, the group became a cohesive and effective force in the Doha Round negotiations. On that same year, Brazil joined India and South Africa to create “IBSA” an informal grouping to coordinate positions in international organizations which evolved into a platform for broader-based cooperation (IBSA has launched a Trust Fund to Reduce Poverty and Hunger).

In 2006, the foreign ministers of Brazil, Russia, India and China discussed the articulation of high level meetings which ended up in the establishment in 2009 in Yekaterinburg in Russia of the political group “BRIC” by the Heads of Government and State of the four emerging countries. Sharing opinions on many international issues, they decided to further their cooperation to enhance their voice in the shaping of a world amidst a major financial crisis in the heart of western capitalism. The second summit meeting was held in Brasilia and in 2010, South Africa joined the

independent political group, which became then the “BRICS”. Its objectives are peace, security, development and cooperation.

A founding member of the United Nations, Brazil is fully committed to the principles of the Organization. Brazil has been elected ten times a non-permanent member of the United Nations Security Council, which makes it the country that has served the most in that capacity. Brazil favors the reform of the United Nations institutions and the expansion of its security council as a way of making the organization more representative. It has been traditionally an important contributor to the peacekeeping efforts of the United Nations. It has provided troops to UN efforts in the Middle East, the former Belgian Congo, Cyprus, Mozambique, Angola, East Timor and, since 2004, has been leading the peacekeeping force in Haiti.

Brazil was the only country in Latin America to have participated in both World Wars. For the Second World War, Brazil sent an army division of 25,000 soldiers and an air force squadron embedded in the US military forces. Brazil showed then its full commitment to important principles and values in a decisive moment for humankind.

The European Union is a strategic partner of Brazil. In 2011, the EU remained Brazil’s main trading partner. Bilateral trade reached a record US\$ 99.3 billion, an expansion of 20.7% in relation to 2010. Investments from EU countries in Brazil amount to around US\$ 180 billion, corresponding to almost half of the foreign investment stock in the country. Brazil is the sixth largest investor in the European Union, with an accumulated stock of US\$ 80 billion.

i) International cooperation

Brazil attaches the utmost importance to south-south cooperation. The Brazilian Agency of Cooperation (ABC) maintains technical cooperation relations with Latin America, Caribbean, Africa, Asia and the Middle East.

Brazil has become a net donor country, active in 38 African countries through development aid. ABC expects to disburse in 2012 US\$ 400 million over half will be directed to Africa, where Brazil canceled \$1 billion of debt in the last decade.

j) culture

Culture is the general expression of humanity, the expression of its creativity. Brazil is made of people from all over the world. Its cultural strength comes from diversity and multiculturalism as well as from the amalgamation of those different ethnic expressions. Brazil's cultural influence is already perceived in global music, painting, sports, audio visuals, cinema and fashion. Capoeira, carnival, architecture, television, and not least, football, are worldly recognized and appreciated. The Brazilian TV networks Globo and Record operate satellite television channels around the world, broadcasting a mix of entertainment, news and sports programming sourced from Brazil. Globo is considered the fourth-largest public TV commercial network in the world and one of the largest producer of soap operas. Brazil is recognized as one major factor of cultural globalization. Portuguese is the fifth top language in the internet and will become the fourth after English, Chinese and Spanish by 2015.

III – Main challenges

Despite its strong and irreversible emerging impetus, Brazil is still in some aspects a developing country and will have to continue overcoming important challenges in order to consolidate its position as a global power.

Let me briefly point out some of these challenges:

a) sustain economic growth with a rate enough to redress its still significant social inequalities and eliminate extreme poverty, which is a main goal of President Rousef's government;

b) prevent overvaluation of the real and its negative impact on the industrial sector and on the diversification of economic activities;

c) improve the quality of education, in particular basic education, in order to increase efficiency and elevate the purchasing power of Brazil's expanding internal market;

d) sharpen its focus on science and technology in order to enhance the country's innovation capacity and the quality of its products and services, and the performance of its businesses;

e) preserve its status as a net foreign creditor. For decades, Brazil was the world's largest emerging-market debtor, a position which was changed in 2008. The Pre-salt oil discoveries are considered to be a major factor in this regard;

f) maintain its capacity to lower interest rates to boost economic activity (inflation control has succeeded but Brazil's interest rate of 9,75% is still one of the highest in the world);

g) reform of state structures and fiscal policy;

h) modernize infrastructure so as to eliminate the so called "Brazil cost" which affects Brazil's economic, and in particular industrial, competitiveness;

i) implement the 2008 National Defense Strategy, whose aim is to modernize defense strategy, the Armed Forces and restructure the Brazilian defense industry. Brazil is the emerging country which has traditionally invested the least in defense;

j) consolidate the G-20's position within the international community, further the reform of the Bretton Wood institutions and deepen the articulation towards the expansion of the UN Security Council.

IV – Conclusion:

As Brazil raises its economic and technologic status and reduces the country's social inequalities, it enhances its position within the community of nations to articulate reforms necessary to improve international governance and adjust it to the realities of the 21st century.

In a recent interview to an American journalist, Foreign Minister Antonio Patriota reminded us that Brazil has not engaged in hostile activities in more than 140 years and its borders have all been subject to negotiation and peaceful final settlement. He mentioned that the country has no real enemies, no battles on its borders, no great historical or contemporary rivals among the ranks of the other important powers. Furthermore, it has long-standing ties with many of the world's emerging and developed nations, a status that distinguishes Brazil and enhances its global profile. This unusual position is strengthened further by the fact that Brazil is not investing as heavily as

other rising powers in military capabilities but rather in promoting sustainable development.

The former Foreign Minister Celso Amorim once observed that “Brazil is an important actor in the international scene due to its size, its political and economic relevance and the strength of its identity. But we are also a developing nation with economic and social vulnerabilities. We recognize this with a sense of objectivity and self-criticism. We do not want to fall into the trap either of an unrealistic chauvinism or of a skepticism that leads to complacency or to merely reactive postures”.

For Brazil, international relations is not a zero-sum game in which one actor’s gain is another’s loss. Brazilians are generally reluctant to use the word “power”. Our vocabulary is more likely to feature the concept of cooperation and solidarity, identified in the Constitution. Global challenges such as food security, poverty, sustainable development will only be overcome through international cooperation and a greater focus on education and innovation. These are fundamental challenges which can become historic opportunities for mankind. The Rio + 20 in Brazil in June is a good example of our current predicament and dilemma. Together with the international community, academic institutions like CEU play an important role in raising the level of discussions and awareness on these issues.

Let me conclude by reminding that Brazil’s most important legacy in international relations has to do with its diplomatic skills and capacity to negotiate and promote peaceful and harmonious coexistence, multiculturalism and understanding. Brazil considers development and cooperation the real and enduring foundations for stability, peace and international security.