BRAZIL ALERT

Lula’s International Focus: Assembling the “A” Team

William Barr

OVERVIEW

- Lula has emphasized international affairs in December, visiting Argentina, Chile, the United States, and Mexico and nominating members of his foreign policy team.
- His meeting with President Bush was the highlight of his foreign travel.
- Lula’s foreign affairs team is politically diverse, experienced, and committed to emphasizing export-led growth.

December has been an active period for the transition, with the emphasis in the first half on international arenas. Lula traveled to Argentina and Chile during the first week to show solidarity with his next-door neighbor, seek areas of agreement on trade with Chilean authorities, and reaffirm that strengthening of Mercosul and increased subregional integration are among his key priorities. After meeting with IMF managing director Horst Köhler in Brazil on December 7, Lula was off on his second trip abroad, this time to Washington, D.C., and Mexico City.

The highlight of Lula’s trips was his visit with President Bush. The atmospherics were perceived in Brazil as positive, and the personal rapport established during the meeting was considered encouraging. Lula was particularly impressed by President Bush’s responsiveness on the issue of fighting hunger and gratified by the suggestion the two countries organize a high-level meeting in 2003. Some of the Brazilian reaction was undoubtedly grounded in relief (and perhaps surprise) that both sides pursued positive and constructive elements rather than negatives.

By contrast, Lula’s visits to Mexico and Chile were perceived as less successful. The Mexico stop was played as an effort to placate President Fox, was plagued by delays, and resulted in no joint communiqué. Lost in the carping was the announced reason for the visit: to explore ways in which Brazil and Mexico could cooperate in regional trade negotiations such as the Free Trade Area of the Americas (FTAA). In Santiago, Lula’s overture to President Lagos inviting greater participation in Mercosul was downplayed; a week later Chile’s bilateral free trade agreement with the United States, which was clearly Chile’s priority, was concluded. But if the Latin American portion of his trips were lacking in conspicuous successes, the optimism of the IMF’s Köhler over Brazil’s direction more than made up, and set a good tone, for the trip to Washington.

Now that Lula has returned to Brazil, and although protracted negotiations with supporting parties have delayed announcement of the full cabinet, confirmed names for some key positions with international implications have begun to emerge. Former Workers’ Party (PT) president and federal deputy José Dirceu, who is also political director of the transition, will be head of the Civil Household. The position’s responsibilities will expand to include relations with the Congress, which in recent years has shown an increased disposition to weigh in on international policy. (Not coincidentally, Senator-elect Aloizio Mercadante, who accompanied Lula on his trips, has emerged as a member of Lula’s inner circle particularly engaged with foreign affairs.)
While in Washington, Lula confided that Antonio Palocci, head of the transition team, would be nominated as his finance minister and this, too, has been confirmed. Palocci was trained as a medical doctor and is a veteran of several Trotskyite movements. But his subsequent shift toward the political center is evidenced both by his skillful performance as transition chief and his tenure as mayor of Ribeirão Preto, which provided cost-cutting skills as well as insights into the processes of developing and adhering to a stringent budget. This evolution contributes to a fuller vision of him as eventual minister. In his meeting with bankers and others in New York—an important sidebar to the Washington program—Palocci made clear he looks forward to a constructive relationship. In turn, his performance was viewed as a highly positive and promising start to the incoming administration’s relations with Wall Street and investment professionals.

Shortly after Lula arrived back in Brasilia, it became known that Henrique Meirelles, the former head of FleetBoston who was elected a federal deputy from Goiás in October, had accepted an invitation to become president of the Central Bank. Celso Amorim, Brazil’s ambassador in London and a career diplomat, will again take over Itamaraty, the Foreign Ministry; he had been chancellor in 1993–1994. Marina Silva, reelected senator from the northwestern Amazon state of Acre, is Lula’s choice for minister of the environment. Roberto Rodrigues, president of the Brazilian Agribusiness Association, will become minister of agriculture. As well, Luiz Fernando Furlan, the president of poultry giant Sadia, is Lula’s choice for minister of development, industry, and foreign trade. Neither Rodrigues nor Furlan has a well-defined political profile.

The nominations of Workers’ Party members Dirceu (who has been replaced as PT president by José Genoíno, defeated in his bid for the senate), Silva, and Palocci have long been expected. Henrique Meirelles’s name surfaced early in the transition and again after a number of other candidates were sounded out and either indicated their lack of interest or otherwise fell out of contention. Meirelles won his seat in the lower house overwhelmingly and ran far ahead of presidential candidate José Serra on the PSDB ticket. The first foreigner to head a major U.S. bank according to informed sources, Meirelles has a reputation of being an excellent administrator. Market reaction to him was initially cautious and lukewarm, with his lack of technical experience and the supposedly “political” nature of his appointment cited as reasons for concern, but quickly became more encouraging. Reaction from the Brazilian far left, both in the media and politics, was predictably negative; but the more moderate—and far more extensive—elements were positive. Meirelles is expected to use his skills early on in communicating with international banks to restore Brazil’s lines of credit to help Brazil resume growth.

Amorim, one of Itamaraty’s most senior diplomats, has served in a number of key positions in addition to having been minister. Prior to his posting to London, he headed Brazil’s delegation to the World Trade Organization and was ambassador to the United Nations. In 1999, in the latter capacity, he chaired the work of three special panels looking into Iraqi disarmament, humanitarian issues there, and POWs from the Gulf War—subjects of continuing and intensified interest to U.S. policymakers.

Workers’ Party senator Silva’s reputation as an expert on and staunch defender of the environment is well deserved. Something of a legend, she was raised among very poor rubber gatherers and learned to read at age 12. Her determination, intelligence, and political savvy have served her well in the charged atmosphere of Brasilia. Shortly after her nomination as Brazil’s first female minister in the executive branch, she forcefully stated her intention to take social concerns into account in the Environmental Ministry’s deliberations. One additional issue that foreign affairs specialists will keep in mind involves genetically modified organisms (GMOs). Senator Silva reacted favorably, according to press reports, to a letter signed by representatives of 60 nongovernmental organizations asking her to work against production of GMOs in Brazil. She subsequently said she would insist that extensive studies be carried out to ensure that GMOs pose no threat either to the environment or to human health.

Rodrigues, like Palocci from Ribeirão Preto, was the first non-European to head the International Cooperative Alliance (ICA), based in Switzerland. He receives high marks from outgoing Agriculture Minister Pratini de Moraes and others, who see him as international, market oriented, and a keen student of practices in other countries. His experience with ICA, which represents cooperative organizations in industry and agriculture, has given him uncommon perspective on relationships between first-world governments and their agricultural sectors. Furlan is likewise expected to play a significant role in stimulating export-related growth. As president of Brazil’s largest poultry business, Furlan has spoken out against what he regards as unfair practices in the European Union and the United States.

In short, after generally successful interaction during his first trips abroad as president-elect, Lula has begun to assemble a foreign affairs team with demonstrated expertise and/or hands-on experience on the key international issues in their portfolios. In turn, they have in public remarks reiterated a common theme: they
intend to undertake all the actions necessary to support export-led growth in Brazil.

About the Author

William Barr is a former U.S. Foreign Service officer. He was in Mexico during the NAFTA debates and passage, in Panama when civilian government was restored, and in Nairobi when Al Qaeda blew up the U.S. embassy. He served twice in Brazil, as press attaché and counselor for political affairs. Mr. Barr is now a consultant and resides in Brasília.