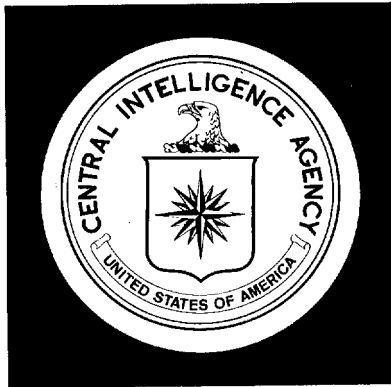


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Weekly Summary Special Report

Brazil's Changing Foreign Policy

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**BRAZIL'S
CHANGING
FOREIGN
POLICY**

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Summary

After several years of rapid economic growth, Brazil has come to depend more and more heavily on international trade to sustain its momentum. Thus, the quest for markets and resources has become a major foreign policy goal. Indeed, the urgency of the quest has led Brazil to reconsider and alter its political attitudes toward several areas of the world. Increasing international activity is contributing to a belief in Brasilia that sustained world prominence—a vague but deeply felt goal—is nearly at hand.

In Latin America, Brazil seeks to minimize political instability and reduce security threats that could hinder its development and trade activities. In the Middle East, Brazil's growing need for oil has brought about a significant pro-Arab shift in its political position. In sub-Saharan Africa, Brazil's long-standing but heretofore vague interest is being focused on the nature and extent of potential markets and the availability of resources. The quest for markets has also induced Brazil to play down ideological differences and display an increased willingness to recognize and trade with the Communist nations, including China.

For the US, certain implications are clear. Brazil will increasingly see itself as a competitor for markets and resources. That factor along with nationalistic pride—a feeling that Brazil has "arrived," will lead it to differ with the US more often and on more issues.

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Roots of Brazil's World View

Brazilians come naturally by the idea that their civilization is destined for greatness. More than 100 million strong, the inhabitants of one of the world's largest countries are inclined to think in terms of superlatives. Brazilians are proud to be the offspring of the once-vigorous Portuguese empire, and they view their country as the logical center of some future Luso-African community of nations. Indeed, Brazil was the capital of Portugal's empire when the royal family fled from Napoleon in the early 19th century.

A sense of uniqueness pervades the Brazilians. Differing linguistically and culturally from their Spanish American neighbors, they take pride in their political development, which has been far more peaceful than that of Spanish America. Independence was achieved without the costly wars of liberation that characterized the Spanish colonies, and the long Brazilian monarchy provided a stability that was lacking in the rest of Latin America.

Early in this century, by a combination of skillful diplomacy and favorable international arbitration, Brazil in large part completed the task of demarcating its borders. Neighboring states suffered, however, and the process left a residue of fear and suspicion. Brazilians, on the other hand, gained a genuine preference for the negotiated settlement of disputes.

Brazil has also benefited from a traditionally close relationship with the US—the first nation to recognize Brazilian independence. Brazil has generally cultivated this relationship, recognizing the US as its most important trading partner and as a potential protector in the event of outside aggression. The US has been particularly important because Brazil has no close friends in Latin America. In the main, history has been kind to Brazil, giving it an essentially positive view of the world and an optimistic sense of its own capabilities.

Latin America

During recent years, Brazil has been quite successful in supporting and benefiting from ~~25X1~~ ties with its conservative neighbors—Bolivia, Paraguay, and Uruguay.



Brazil sees such assistance as instrumental in minimizing political instability in these countries, which in return has paved the way for substantial economic benefits for Brazil. In Bolivia, Brasilia secured access to large gas deposits, essential to continued growth of the Sao Paulo - based industrial complex. In Paraguay, the Brazilians gained the right to undertake an ambitious hydroelectric project that will furnish electricity to a large portion of southern Brazil. In

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Brazilian Foreign Minister and counterparts from Argentina, Bolivia, Uruguay and Paraguay

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Uruguay, the military-dominated government has come to depend heavily on Brasilia for aid and advice on both economic and political matters—while serving as a buffer against the turbulence and uncertainties in nearby Argentina.

Brazil's good fortune was further demonstrated when the South American government most distasteful to it—that of Salvador Allende—was toppled last year. The advent of the military junta in Santiago gratified Brasilia by eliminating Chile as a haven for terrorist and other exiles from a number of countries, including Brazil. Brazil's leaders also took Allende's fall as proof that, on their continent at least, Marxist solutions cannot work. Brazil welcomed the junta and offered large amounts of assistance. Thus far, however, aid has not reached promised levels, and has been on terms largely favoring Brazilian exports. Nevertheless, Brasilia remains committed to the survival of the military government in Chile and would probably go to considerable lengths—short of armed intervention—to prevent its collapse.

As Brazil's leaders contemplate Argentina, they see terrorism, political strife, and economic stagnation



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many Brazilians are uneasy over their neighbor's instability—particularly the terrorism, which does not always respect national boundaries. Moreover, Brazilian leaders have no desire to see an Argentina so thoroughly frustrated by domestic confusion or feeling so encircled by pro-Brazilian regimes that it would scheme with other Spanish-speaking nations to upset the South American order and block Brazilian economic and diplomatic advances.



Echeverria and Geisel

In an effort to stave off such a development, and protect what it has gained, Brazil now seeks to soothe Argentine sensitivities by playing down the rivalry question. The naming of a former ambassador to Buenos Aires and top expert in regional affairs as foreign minister, as well as conciliatory statements by high-level leaders, points in this direction.

Brazil's fear of joint action against it by Spanish-speaking nations is not new, dating back to the colonial period. Even though this fear gradually waned as Brazil's power grew, it remained as a vague concern that the Spanish-speaking nations would someday join to isolate Brazil diplomatically and economically.

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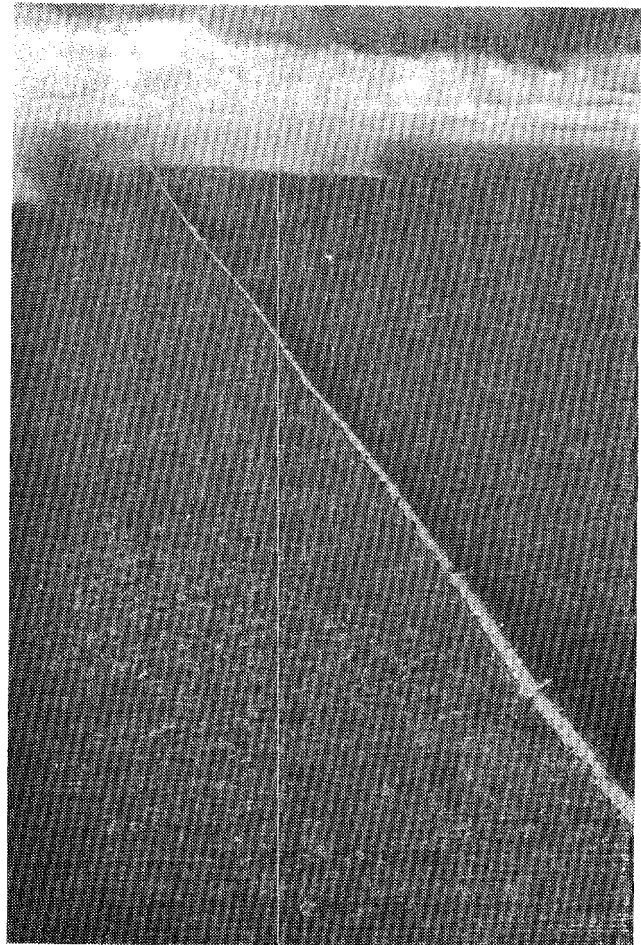
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This concern has persisted and was intensified last year by Venezuela's entrance into the Andean Group and by the renewed possibility that Argentina will associate with that organization. The recent South American trip by Mexican President Echeverria—who unabashedly seeks to assert himself as a leader of Latin America and the Third World—undoubtedly left Brazilian leaders a bit uneasy. They probably suspect that in some countries Echeverria's discussions touched on the need to react to Brazil's growing economic power in the hemisphere. Privately, Brazilians were probably annoyed by Echeverria's casual approach to protocol and his thinly veiled criticisms of their government.

Brazil has come to realize that its recent extraordinary growth has revived old fears among its Spanish American neighbors of Brazilian "imperialism" or "expansionism." Indeed, its very success serves to foster this view. Its continuing quest for raw materials and energy resources—currently including exploration ventures in Venezuela, Ecuador, and Colombia—further contributes to this perception. Moreover, Brazilian efforts to integrate the long-empty hinterlands by road building and domestic colonization projects cannot fail to provoke fears of encroachment in nations like Peru and the Guyanas, long isolated from Brazilian population centers.

Consequently, just as Brazil perceived a need to mollify Argentina, so it recognizes the need to reassure other Latin nations that it seeks no hegemony. Partly in an effort to do just that, the former foreign minister recently made a South American trip through all but one of the Andean Group nations. In addition, Brazil plays up its own role as an emerging nation—albeit an advanced one—by joining in Third World demands on the industrialized states for trade concessions, technology, and a bigger share of the profits from multinational corporations. In so doing, Brazil seeks to demonstrate its growing independence from the US, at a time when the rest of Latin America is on the same path. At the same time, Brazil seeks to destroy the impression, voiced at



Transamazon highway
*3,100 miles from Atlantic through
jungle to Peruvian border*

times by some Latin observers, that it acts as the agent of the US in hemispheric affairs.

The tension that characterizes relations among Chile, Peru, and Bolivia provides an opportunity for Brazil to practice regional diplomacy and to work for the stability it favors. Bolivians have long nursed a grudge against the Chileans, who deprived them of their coastline almost a century ago. Regaining access to the sea has been a major goal of Bolivian foreign policy ever since.

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Paraguayan President Stroessner and President Geisel

In Peru, which lost territory to Chile in the same war, military leaders talk of a revenge war by the centenary in 1979.

Last March, when Brazil's President Geisel was inaugurated, he brought the visiting Chilean and Bolivian heads of state together to discuss mutual problems. He undoubtedly had several purposes in mind. For one, any kind of improvement in relations between Chile and Bolivia, which currently have no diplomatic ties, is likely to lessen tensions generally and contribute to overall stability.

In the more serious matter of a possible armed conflict between Peru and Chile, Brazil genuinely hopes there will be no actual clash. Brasilia has probably decided not to provide arms to Chile and is likely to take every opportunity to act as a force for moderation, which it sees as ever

more important for an eventual peaceful settlement. Brazil's conservative leaders view the Peruvian regime—the most leftist in South America—with suspicion. Nonetheless, Brasilia harbors no particular animosity toward that country, which has little impact on it.

In the OAS, Brazil's position bears some resemblance to that of the US. The lone Portuguese-speaking nation in a grouping numerically dominated by Spanish-speaking ones, Brazil is envied and to some extent feared and distrusted by the Hispanic majority. Brazil prefers not to have its freedom of action circumscribed by an organization whose other members are so unlike it. Also, Brazil is ambivalent in its reaction to recent Spanish American unity and assertiveness in seeking to reduce the hemispheric influence of the US. On the one hand, as the effort succeeds, the area for potential Brazilian influence grows. On the other hand, however, Brazilians must be

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concerned that they might be the Spanish Americans' next targets.

Middle East

Heightened Brazilian activity in the Middle East derives primarily from the need to assure continued access to petroleum and to attract large amounts of Arab capital. Furthermore, since its dependence on oil imports is so great—over 75 percent of consumption—Brazil is hardly in a strong position in dealing with the Arab countries. Nevertheless, Brazil eschews collective negotiations by oil-consuming nations and has opted instead for the aggressive pursuit of close bilateral diplomatic and commercial relations. Brasilia seeks to emphasize its ties to the Third World and in so doing, to demonstrate to the Arabs that it is not in league with Western industrial powers and that its commitment is broadly based and durable.

Brasilia has intensified its diplomatic efforts in the Middle East, sending its first resident ambassador to Libya, establishing an embassy in Saudi Arabia, and working to develop relations with several other states.

At the same time, Brasilia has sought to gain stature in the eyes of Arab leaders by subtly but perceptibly moving off its relatively pro-Israel, though nominally "equi-distant," stance in favor of the Arabs. Brazil now appears to favor the removal of Israeli troops from occupied areas. Despite its changed position, however, Brazil as yet has made no substantial commitment to the Arab cause. Its public attitude toward the Palestinians, for example, is a bland expression of hope that a just solution of their plight will be found.

Brazilian diplomacy has been augmented by the commercial activities of officials representing the Finance Ministry and Petrobras, the state oil enterprise. The Brazilians have been aggressive and innovative in arranging for oil supplies. For example, Petrobras has, on occasion, bid substantially higher for oil than competitors, and has

obtained joint exploration rights in Iran, Iraq, and Egypt. Brazil has also sought barter deals, offering technology, manufactures, and agricultural commodities in exchange for fixed amounts of petroleum. Ironically, in the process of demonstrating its independence of the US and identifying more closely with the Arab nations, Brazil virtually acknowledges another kind of dependence, this time on Middle Eastern oil and Arab good will. The Brazilians are bound to find this galling, and will feel a continuing pressure to seek petroleum elsewhere while still practicing "resource diplomacy" in the Middle East.

Africa

Brazil has long felt that its Luso-African heritage placed it in a unique position to serve as a bridge between Africa and Europe, and, by extension, between the Third World and the West. Indeed, Brazil has always been fascinated by Africa, ancestral home of much of its population. Some Brazilian geopoliticians even see West Africa as the other part of a "South Atlantic Community" based on cultural, trade, and political ties, and led by Brasilia.

Ironically, though, Brazil's close relationship with Portugal ultimately made its position in Africa awkward. Brasilia hesitated to alienate Lisbon, yet found close identification with that colonial power a hindrance in its African and Third World dealings. The change in government in Portugal did not, as some Brazilians had hoped, provide Brazil the opportunity to mediate between colonies and motherland. Instead, Brazil has become suspicious of the political direction of the new regime. Brasilia appears to have decided that the potential benefits to be gained from close identification with Africa outweigh the cost of further irritating Lisbon.

Brazil has long sought to work closely with those African nations that produce items it also exports—notably coffee and cacao—in order to find ways to keep prices high. Furthermore, Nigeria is already a supplier of oil, and other countries of Africa could provide both oil and

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other important resources. Finally, at least some Brazilian officials think that African nations represent potential markets for their country's goods and technology.

To some extent, the increased efforts in black Africa represent something of a victory for the Foreign Ministry, which in recent years has contested for foreign affairs leadership with the Finance Ministry. The former advocated extensive African ties while the latter expressed reservations. Still, the revised African policy does not preclude cordial ties with white-ruled South Africa, as demonstrated by the recent establishment of regular air service between Rio de Janeiro and Johannesburg.

Brasilia undoubtedly hopes that the significance of its decision to identify more strongly with Africa, highlighted by the recent recognition of Guinea-Bissau, and to diverge considerably from Portugal will not be lost on its Middle Eastern oil suppliers or, indeed, on the whole Third World, which it has vague but genuine pretensions of leading.

The Communist World

In an effort to expand trade, Brazil has steadily lowered its ideological barriers and has played down its suspicion of Communist nations. The result has been a wave of diplomatic and commercial activity involving countries throughout the Communist world. Formal relations have been established for the first time with East Germany, while legations in Bulgaria, Hungary, and Romania have been raised to embassy status. Soviet and East European representatives in Brazil reportedly have said they feel Brazil is becoming much more receptive to them and their countries' proposals. The diplomatic and trade initiative even extends to China, with which Brazil has just established diplomatic relations.

Further Brazilian moves to improve ties with the Communist world are to be expected. The Geisel government's commitment to what it calls

"responsible pragmatism," basically the pursuit of economic and political advantage wherever beneficial and regardless of ideological differences, makes this particularly likely.

Factors other than economic considerations facilitate and encourage the rapprochement with the Communist nations. Success in virtually eliminating domestic terrorist movements—sometimes inspired and supported from abroad—has built up Brazil's confidence in its ability to protect itself from untoward communist influence. In addition, Brasilia probably feels that the current trend toward East-West detente makes such a threat less likely than before. Moreover, the new initiative, although implemented for very practical reasons, also serves once again to demonstrate Brazil's independence in foreign affairs and its desire to emerge as a nation with truly global interests.

Outlook

Foreign Minister Azeredo da Silveira virtually put the US on notice recently that it can expect Brazil to differ more and more on a variety of issues. He was quoted as saying, "Brazil will not necessarily be for or against on the basis of prejudice. Each episode, each situation, will be examined from the standpoint of national interest." Indeed, Brazil has already diverged from US views in a number of areas, such as its refusal to sign the Nuclear Non-Proliferation Treaty, and its extreme position on the Law of the Seas.

It is logical to expect this trend to continue and to grow. Brazil, just emerging on the international stage, will feel an even greater need to demonstrate that its independence in world affairs is complete and unqualified. Moreover, Brazil's Third World leadership bid—along with its own desire for special treatment—will lead it to push further for preferential access to markets in the developed nations, especially the US. Thus, there exists the potential for further disputes such as a current one over Brazilian shoe imports. Finally, it is possible that Brazil will at least explore prospects for cartel-like arrangements with other producers of coffee, cocoa, and iron ore.

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Brazil's leaders are unlikely, however, to allow differences to cause a serious breach with Washington. They value their country's tradition of cooperation with the US, as exemplified by Brazilian participation on the Italian front in World War II and its active role in the peace-

keeping contingent in the Dominican Republic in 1965. Moreover, the very economic concerns that impel current foreign policy point to the need to retain access to markets in the US, which is the single largest customer for Brazilian exports.

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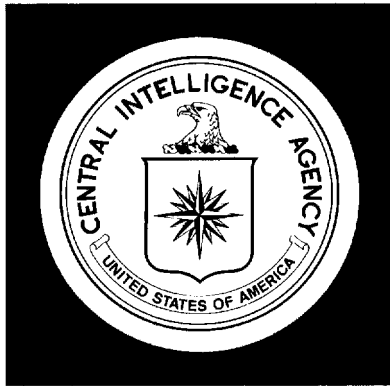
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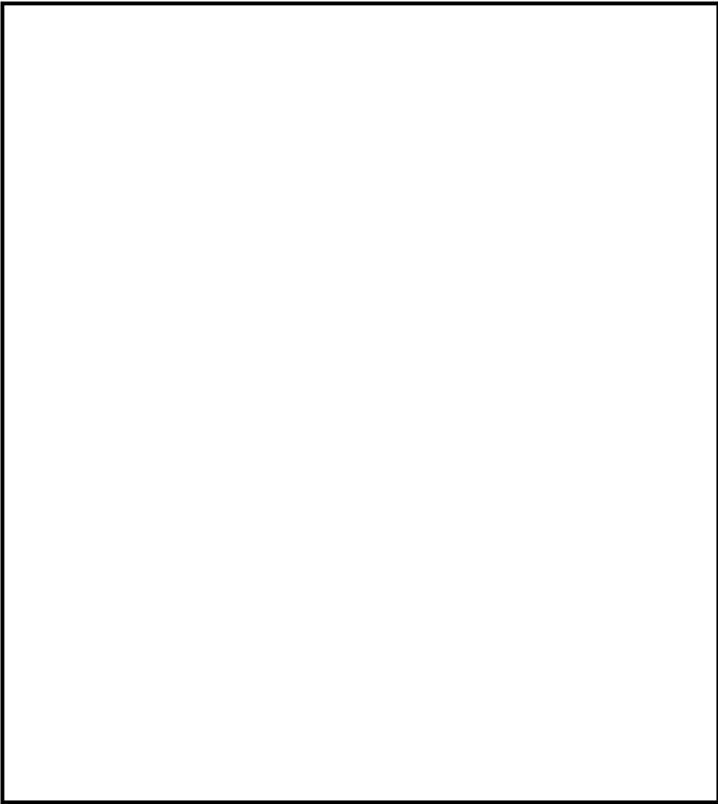
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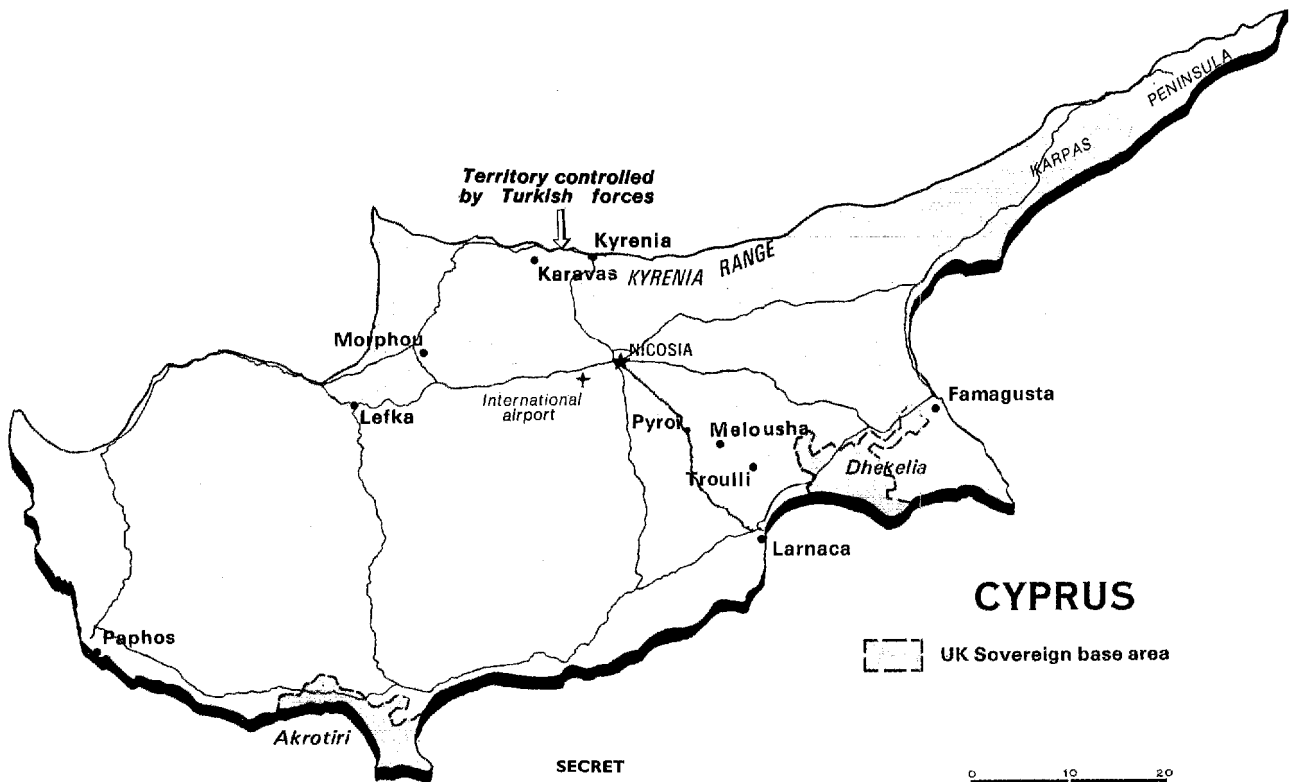
Brazil's Changing Foreign Policy

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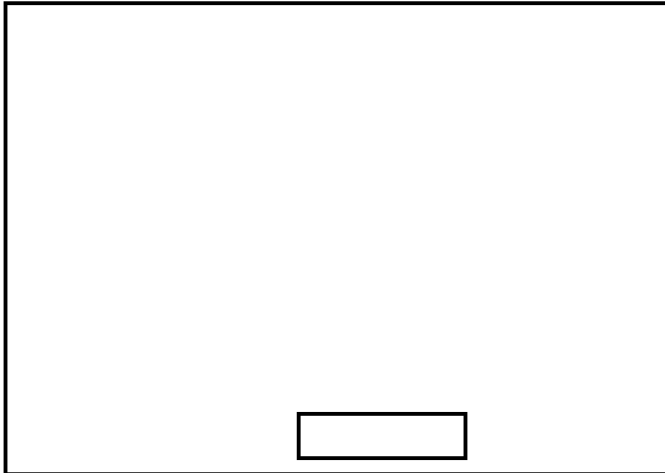
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strengthened by recent successes against Communist insurgents in the east Malaysian state of Sarawak, and that these achievements will outweigh any public concern over the expansion of Communist activities in peninsular Malaysia. Moreover, the opposition parties are weak, and efforts to establish a united opposition front have foundered.

The campaign has been a quiet one, and the government hopes that limiting the campaign to three weeks, plus strictures on the discussion of racially sensitive subjects, will prevent a recurrence of the communal rioting that followed the last elections in 1969. Communist terrorists have staged several incidents in remote areas, but they are not capable of interfering significantly with the voting. 

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MALAYSIA: NO ELECTION SURPRISES

The Razak government is expected to sweep the national elections on August 24. Razak's National Front, a new nine-party confederation that mirrors Malaysia's racial diversity, will probably take the lion's share of the 154 seats in the lower house of the federal parliament. The Front's member parties held 118 of the 144 seats in the outgoing parliament, and they are likely to do better in the enlarged body.

The projected election outcome will further Prime Minister Razak's aim of achieving a "national consensus," a solid coalition government that embraces all of Malaysia's major races and has a minimum of political opposition. At the same time, the United Malays National Organization, the main government party, predominates in the multiracial National Front, and Malay political pre-eminence has been enhanced by a redrawing of electoral boundaries.

Under the constitution, the government was not required to go to the polls until 1976, but Razak decided to act now, believing government popularity is at a peak. Economic prosperity currently is at an all-time high, but there may be a downturn later in this year or the next because of Malaysia's dependence on exports. The government also believes that its position has been



Razak

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