

Brazil-U.S., time to include the Congresses

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President Obama's visit to Brazil on March 19th and 20th raised the Brazil-U.S. bilateral relationship to another level, similar to the one already enjoyed by the United States with China and India. Today, cooperation between both countries takes place in different dimensions – bilateral, trilateral, and multilateral – as well as in a variety of issues, from pacific uses of outer space to urban sustainability, from education to defense. When it comes to trade and investment, however, progress seems limited by the existence of a “missing link”: both countries' Congresses have little engagement in the bilateral agenda.

In the mid-2000s, perceptions about Brazil in Washington underwent substantial change. First, the country “decoupled” from Latin America as it consolidated a social model combining economic growth and income distribution with an absence of political rupture. Second, Brazil became more prominent among the various emerging markets after it was included in the BRICs group and became a key global governance decision maker in areas such as climate change, trade, and economic and financial issues. Third, Brazil became a benchmark in both agriculture and energy.

These perception changes were followed by a widening and deepening of the bilateral agenda as well as by an increased complexity of its different issues. In the field of trade and investment, this trend was reflected in the increasing number of issues of Brazilian interest subject to partial or exclusive congressional jurisdiction in the United States.

When Ambassador Rubens Barbosa became the head of the Embassy of Brazil in Washington, in 1999, there were two issues of Brazilian interest being debated by the U.S. Congress but not restricted to the bilateral relationship: the fast-track renewal and the then new Farm Bill. Both measures were approved in 2002 and impacted Brazil significantly. On one hand, fast-track (renamed Trade Promotion Authority – TPA) allowed the U.S. to jumpstart an ambitious trade negotiations program, including the World Trade Organization (WTO) Doha Round. On the other, the 2002 Farm Bill increased U.S. agriculture subsidies to the detriment of Brazilian interests.

When Ambassador Roberto Abdenur became the new Brazilian representative to the U.S. in 2003, he inherited these so-called “systemic issues” – the TPA and the 2002 Farm Bill – as well as the new challenge of the Generalized System of Preferences (GSP) renewal process. At the time, GSP benefited approximately 15% of Brazilian exports to the U.S. and the Brazil's maintenance as a beneficiary developing country was being questioned by a group of American lawmakers.

When Minister Antonio Patriota became the head of the Embassy of Brazil in Washington, in 2007, he inherited an even larger number of issues that fell under U.S. Congress jurisdiction. In addition to the expiring TPA, the 2008 Farm Bill, and the GSP renewal, he had to face the challenge of a renewed Brazilian interest in opening the United States market to Brazilian ethanol through the elimination of the \$54 cents per-gallon U.S. import tariff on Brazil's sugarcane biofuel.

Ambassador Mauro Vieira became the new Brazilian representative to the U.S., in 2010, amid the dramatic endgame of the trade retaliation process connected to the WTO cotton dispute between both countries. Although a temporary agreement was reached in June last year, the definitive solution to the dispute necessarily requires changes in the U.S. programs that can only be made in the context of the 2012 Farm Bill.

The trend is clear: not only did the number of issues of Brazilian interest under U.S. congressional jurisdiction increase but their nature became more specific and even limited to the Brazil-U.S. bilateral relationship.

Furthermore, a number of other issues, formally under the Administration's jurisdiction, such as U.S. market access for Brazilian beef and poultry, are now subject to congressional interference in the regulatory process.

Finally, the Brazilian National Congress has also increased its assertiveness. Although its major debates in the last few years were connected to polemic issues such as Venezuela's accession to the Southern Common Market (MERCOSUL), more and more issues of the Brazil-U.S. bilateral agenda will make their way to the Brazilian Legislative Branch. Today, the key example is the Tax Information Exchange Agreement (TIEA) that sits in the Brazilian Federal Senate waiting for approval.

President Rousseff's visit to the United States in the second half of 2011 can be an ideal opportunity to engage both Congresses in this bilateral agenda. On one hand, a meeting between the Brazilian president and the U.S. congressional leadership (similar to the ones that take place with European and Asian leaders) can elevate the priority of issues of interest to Brazil. Nowadays, these issues are confined to specific committees and don't make their way to the Democrat and Republican parties' leadership.

On the other hand, more engagement from the Brazilian lawmakers who frequently visit Washington can increase the priority of Brazil's bilateral agenda with the United States, securing a positive outcome to current issues and preparing the groundwork for future trade and investment-related debates.

It is time, therefore, to include the Congresses.