Brazil in Africa: Another Emerging Power in the Continent?

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ABSTRACT This paper develops three basic arguments. First, it presents the basic underpinnings of Brazilian diplomacy in the past half century, concentrating on the changes adopted in the 1980s and the 1990s up to the foreign policy put forward by Lula’s government (2003–2009). It recognises that Lula’s foreign policy represents a step forward, especially where Africa is concerned. However, it does not seem to be clear whether the Brazilian economy has enough strength to sustain such a foreign policy, as is shown in the second part of the paper. This is indeed the case if comparisons are made with India, China and even South Africa, when the latter’s regional role is considered. Finally, an effort is made to summarise the recent political cooperation established between Brazil and African countries as well as to present an overview of Brazil’s trade and investment relations both with the region as a whole and with some important individual partners. Once this picture is established, we investigate whether these realms—diplomatic/political and economic—take independent tracks, or if they do interact in a coherent manner.

Africa remained deep inside Brazil and Brazilians, not as something external to ourselves. But as a mythic space; neither geographical, nor historical.

... from the real Africa, the one that lay in the past and the other that jumped into the future, the Brazilian knows almost nothing, even if it is just there, in the other side of the Atlantic.

(Alberto da Costa e Silva, 2005)

So there I was, a white man, in a delegation of whites, saying out loud that we didn’t have racial discrimination and telling them how proud we were of our African roots.

(Mario Gibson Barboza, 2007)

Introduction

This article seeks to present an overview of Brazil’s recent foreign policy towards Africa. The present pro-Africa stance is by no means new as it goes back to the first Brazilian diplomatic attempts, in the 1960s and 1970s, to establish economic, political and cultural relations with many countries in the continent. President
Lula has engaged in an effort to change the ‘turning our back to Africa’ attitude that prevailed in the past 20 years. These developments are being welcomed by a growing number of companies from an increasingly enthusiastic private sector as they become aware of the economic advantages derived from trade and investment in the region.

To unveil what informs this new motivation, this paper aims to develop three basic arguments. At first, we seek to stress the basic underpinnings of Brazilian diplomacy in the past half century, concentrating on the changes adopted in the 1980s and 1990s as well as analysing whether Lula’s Africa policy represents a step forward. An attempt will be made to show how past foreign policy assumptions came to be adapted in face of highly unstable geopolitical and economic scenarios.

Secondly, despite Brazilian foreign policy being centred on the perception that the country is a new emerging power that could help to shape a new multipolar world, it does not seem to be clear whether the Brazilian economy has enough strength to sustain such a foreign policy. This is especially the case if comparisons are made with India, China and even South Africa, when the latter’s regional role is considered. We develop this hypothesis, taking a careful look at the Brazilian economy’s current situation both in terms of its internal structure and its recent internationalisation moves.

Finally, an effort is made to summarise the recent political cooperation established between Brazil and African countries as well as to present an overview of Brazil’s trade and investment relations both with the region as a whole and with some important individual partners. Once this picture is established, we investigate whether these realms—diplomatic/political and economic—take independent tracks holding just topic connections among them or if they do interact in a coherent manner. If the former proves to be the case, we should be able to conclude that Brazil probably intends to be an emerging power in Africa when it comes to its diplomacy, but this policy may fall short of its intentions due to some of its economic weaknesses.

Independently of the conclusions put forth here, the authors believe that Brazil may be an important actor in the future of the continent, hopefully for good reasons. While reading the Africa Since 1800 (Oliver & Atmore, 2004), we noticed that Brazil was mentioned four times in the beginning of the book, as part of an obnoxious slave trade. If the recent change of attitude in Brazilian diplomacy leads to constructive interaction between both regions then this paper will have accomplished its aim.

Brazil’s foreign policy in historical perspective: how much change and continuity?

Brazil’s foreign policy largely reflects the position of a country with a continental economy, high resource potential, a competitive agricultural sector, and diversified industrial and service sectors due to the size of its internal market, yet alarming rates of poverty and income inequality.
The main paradox faced by the country's international presence is, indeed, how to pursue international integration without its internal structure disintegrating, yet let us not forget that Brazil was 'born' integrated in the capitalist world (Ricupero, 2001).

In this regard, Soares de Lima (1990) attributes an inherent 'contradiction' to Brazil's foreign policy as it combines a mixture of autonomy from and dependency on the international order. This is what makes Brazil and other semi-peripheral countries well fitted to new categories such as 'emerging powers', 'intermediary states', 'middle-size countries' and so forth. These countries are, indeed, prone to develop a multiplicity of international strategies in the different arenas they act. Defining their behaviour as either passive—sub-imperialist—or as one of an emerging power reshaping the world order may furnish a somewhat biased picture. At least in the Brazilian case, both forms of conduct reflect different aspects of the same complex foreign policy.

An additional specificity informing Brazilian foreign policy is that it represents a 'monster country'—given its demographic and geographical importance. This condition has contributed to an increasingly dynamic economic base and a coherent worldview during the twentieth century, even if distinctive in character as the country belongs to the so-called 'Other West'. In fact, one of the 'deep forces' shaping Brazil's diplomacy is the use of its position in South America—the symmetrical axis—as a way to develop a strengthened position towards the dominant powers which make up the asymmetrical axis (Lafer, 2004). This is the main reason for Brazil conducting, more often than not, a straightforward position in multilateral fora.

According to Lafer, one can only understand the Brazilian international presence by acknowledging that it is a middle-size power, with continental scale and regional relevance. It is from this peculiarity that the country's soft power arises, at least from the viewpoint of the Brazilian diplomacy, as it is used as a means of reshaping the international stratification of power through multilateral action and diversified alliances.

This foreign policy tradition has not been unchanging. It was consolidated between the post-World War II period and the late 1970s, when there was a common assumption that the international sphere should be managed in a way that not only did not jeopardise the national development project but rather, enhanced the possibilities for its implementation (Vizentini, 2005). However, the form of this project could assume different orientations.

Generally speaking, Brazil implemented a 'developmental diplomacy' which could be defined as a continuation of its internal policy by other means (Almeida, 2004). Pinheiro (2004) reveals how during this period Brazilian foreign policy switched from an Americanist to a globalist approach. In the first case, the idea was to side with the US in order to promote a nationalist bargain, whereas in the second case, bargaining with the US would be the result of an outstanding position accomplished through a more diversified set of alliances.

In most of the period—especially during times of so-called independent external policy (1961–1964) and responsible pragmatism (1974–1978)—Brazilian foreign
policy opted to concentrate on the North–South cleavage. For instance, Brazil criticised Portuguese colonialism in Africa, even if not openly; established relations with China and Eastern European socialist countries; and voiced its view on the inequities within the international order as a member of the G77.

During the 1970s, after the first oil crisis, Brazil’s foreign policy could be portrayed as one that sought to diversify the country’s economic partners as it attempted to catch up with developed countries’ industrialised status. It sought to relativise the prominence given to the US at the beginning of the military rule by increasing the role of European countries and Japan, but also by fostering technical cooperation and establishing new ties with countries at the same level of development.

As Brazil was still dependent on foreign technology transfer and financial capital, its increasing international political presence—through bilateral relations and participation in multilateral fora—was seen as a means to compensate for its high level of external vulnerability (Lessa, 1997).

When considering relations with Africa, it should be mentioned that in 1972 Brazil’s foreign minister Mario Gibson Barboza went on a mission to nine African countries on the Atlantic coast. This amounted to a breakthrough in the history of Brazil’s engagement with the region, especially when one considers that he won the intra-bureaucratic battle with Petrobrazil and the Minister of Finance, both defending that the best way to invest in Africa was through Portugal (Barboza, 2007).

It was only during the decolonisation period that Brazil paved the way for renewed diplomatic relations with Africa. This was when the country realised that its active role in the world scene could only be attained through a more developmentalist approach, siding with other ‘Third World’ countries, and defending the principle of self-determination.

In this sense, until the end of the 1970s, the importance of Africa in Brazil’s foreign policy increased substantially (Vizontini, 2005). Common action in UN fora, two-way diplomatic missions, technical cooperation and increasing trade primarily with Portuguese ex-colonies, Nigeria, and southern African countries, were the constitutive features of Brazilian relations with Africa in this period. Stimulated by this new political climate, in 1979, Petrobrazil made its first investment in Angola, followed by the construction company Norberto Odebrecht in 1982. Following this, other firms from this sector came in, not restricting themselves to Portuguese-speaking countries (Ribeiro, 2007).

During the 1980s and the 1990s, as the Brazilian economy successively faced internal crises and a new pattern of integration into the world economy was put in place—leading to a foreign policy rearrangement—the country’s relationship with Africa suffered an intense decline (Ribeiro, 2007). It mostly came down to cultural ties with Portuguese-speaking countries and trade with countries like Nigeria and South Africa, always bilaterally. That is, the developmental diplomacy—through which Brazil tried to overcome external constraints and open new avenues of cooperation with non-traditional powers as well as other developing countries, sometimes even confronting the US or seeking to establish a new
international order—changed. In effect, a rupture with this approach took place from the late 1980s, lasting throughout the 1990s, as significant changes occurred in international power relations and in the newly reshaped global economy.

If the end of the Cold War led to US primacy, especially in the military arena, in the political and economic fields, the world was becoming increasingly interdependent through bilateral, regional and multilateral agreements.

However, the acceleration of globalisation found countries with different productive structures and levels of competitiveness, some of which believed that slackening protection instruments would in itself modernise their economies, not guessing that it would bring about more volatility. These large-scale political and economic changes—and how Brazilian elites perceived them—gradually destabilised the basis on which foreign policy was devised as well as its political alignments and ideological foundations.

The adoption of liberal economic policies contributed to this policy shift. If, as mentioned above, within Brazil’s relatively autonomous foreign policy tradition, economic and political objectives were mutually articulated and reinforcing, in the current situation they appeared increasingly isolated. Brazilian foreign policy lost the functionality it had in the past and when it tried to seek more autonomy, it learned it had given away some of its power to the Ministry of Finance (Cervo, 2002).

During the 1990s, the country’s worldview, traditionally aligned with those of other developing countries, was gradually substituted by a new political approach that foresaw Brazil as a potential developed country. The change was based on the assumption that in the new international order ascending trajectories for countries considered ‘emergent’ were less tortuous, even if dependent upon intensive diplomacy (Martins, 1998). Brazil believed it was time to leave aside the previous policy depicted as one of ‘autonomy through distance’ in order to bring about a new strategy of ‘autonomy through participation’ (Lafer and Fonseca, 1994).

With this idea in mind, Brazil conducted a ‘cleansing of its foreign agenda’. Issues previously considered to be outside the negotiation agenda—such as human rights, the environment, patent law, the nuclear program, information technology—were rapidly advanced during Cardoso’s government, changing the direction of Brazilian foreign policy (Sennes and Barbosa, 2005a).

Even in the realm of trade negotiations an important move was made. During the Uruguay Round (1986–1994), for example, Brazil opted to consolidate all of its tariffs and eliminate its non-tariff barriers, while failing to adopt protective mechanisms against unfair competition (Serra, 1997). It is worth remembering that—while developing nations were given 10 years to comply with TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights)—Brazil only needed one year to change its national patent law. As a matter of fact, Brazil tried to distance itself from its past strategy of systematically blockading developed countries’ agenda on GATT negotiations (the General Agreement on Tariffs and Trade).
There was thus an attempt to mitigate conflicts with large international agencies and political powers. In this sense, the adoption of a new economic agenda was of particular importance, its policies aimed at expanding trade, attracting foreign investment and reducing protectionism and subsidies.

As the objective of political autonomy was weakened by the acceptance of international regimes and institutions, a policy aimed at the construction of a regional space under the incipient leadership of Brazil attempted to regain part of the lost sovereignty. Cardoso’s foreign policy was two-fold: it had an idealist approach to multilateral negotiations and a realist approach to regional relations as seen in the decision to host the first High-Level Meeting of South American countries in 2000 (Cervo, 2002).

The high priority accorded to economic stabilisation and internationalisation was accompanied by the relegation of political autonomy to a secondary level during the first Cardoso government (1995–1998). By contrast, in the second Cardoso government (1999–2002), the end of the currency peg and the need to pay the foreign debt required a strengthening of the lost national sovereignty. Brazil was forced to conduct economic diplomacy, negotiating financial assistance packages, and to take a ‘tougher’ position in trade negotiations at the WTO, NAFTA and the EU, seeking to strengthen the role of the Mercosur.

The developmentalist discourse was subtly reinforced and a number of issues of traditional importance to the South were raised, such as TRIPS. Based on a coalition that included India, South Africa, the World Health Organisation and several global NGOs, Brazil confronted the lobby of multinational pharmaceutical companies and won support for an interpretation of TRIPS through which public health took precedence over economic interests.

During President Lula’s first government (2002–2006), these apparently contradictory objectives—a conservative economic agenda and an increasingly developmentalist foreign policy—were stretched to their limits, without amounting to a definitive break.

Although much of Brazilian foreign policy continued to be the same under President Lula in relation to the second Cardoso administration, priorities differed (Veiga, 2005). In other words, in Lula’s government, WTO negotiations, South–South relations and Latin American integration dominated foreign trade policy, reducing the impetus for negotiations in the realm of the FTAA (Free Trade Area of the Americas) and with the European Union. Foreign policy was based on the hypothesis that the negotiating arena with developed countries should be the WTO, as the superpowers had little desire to negotiate in the inter-regional sphere (Batista, 2003).

Lula’s foreign policy assumed that a focus on issue-based alliances such as the Cairns Group was very limited. While the issue of agriculture played a strategic role for the country, there was also the need to create a bloc-type alliance between large developing nations to end the EU–US blockade in the agenda of Doha negotiations during the Cancun Meeting in 2003. Thus, the G20 began as a coalition that combined both elements (Veiga, 2006).
For Celso Amorim, Lula’s foreign minister, the ‘agriculture deficit’ aggravates the ‘development deficit’, ‘as developing countries from Africa, Asia and Latin America represent the majority of the world’s rural population’ (Amorim, 2007a). However, the G20 does not focus only in agriculture. In his words, the group has proposals in the negotiation’s three pillars and, given the diversity of its composition, it represents a balanced view (Amorim, 2007b).

Thus, Brazil’s pragmatic interests intersected with the aim of combating poverty in developing countries. This apparent paradox was solved, though not entirely, through the alliance between the G20, G33 and G90, opening room for small countries to protect their food security and rural development. While it is true that this G20 balanced view was weakened during the course of negotiations, a new hegemonic pole was structured within the WTO, which may be seen as an accomplishment of Lula’s foreign policy.

It is also important to emphasise that Lula took office in a climate of distrust in international markets. He therefore had little manoeuvring room for his economic policy. The government attempted to recover the country’s foreign credibility by accepting the IMF’s conditionality of structural adjustment. In light of this economic strategy, Brazil sought to raise the profile of its activities in the political realm and in trade negotiations, attempting to counter its conservative position through diplomatic activism in areas that the Cardoso did not insist upon. A more straightforward position backing UN system reform—especially the enlargement of the Security Council, to which Brazil placed its own candidacy—was also taken.

Even during the beginning of Lula’s second term, as the external situation allowed the country to pay back its debt with the IMF, the developmentalist foreign policy remained. However, this did not include economic policy, which was managed with a typical inflation target mechanism and a supposedly floating exchange rate.

In any case, if Lula’s foreign policy did not represent a brusque change of course, it expressed a striking change of discourse and a more subtle change of attitude. The WTO position was more incisive but not less pragmatic, as described above. Moreover, Brazil became more assertive in its bilateral relations with southern countries not only in South America. The case of Africa is, indeed, an example of a clear departure from the previous government’s foreign policy (Almeida, 2004).

In Lula’s own words at the end of his first term: ‘South America is a priority in Brazilian external policy. Our region is our home.’ ‘We also feel ourselves connected to Africa through cultural and historical threads. Having the second largest black population in the world, we are committed to share the challenges and the destiny of the region’ (Lula, 2007b).

At the UNCTAD XII opening ceremony, he highlighted the place of Africa in Brazil’s foreign policy: seven presidential missions to Africa, involving 19 countries, the creation of a South America–Africa Summit, new partnerships for technical cooperation, and increasing trade and investment between Brazil and Africa (Lula, 2008).
May one characterise Lula’s foreign policy as an evolutionary one (Almeida, 2004)? This is definitely the case if one considers its acceptance of the human rights approach as well the position taken on environment and security issues, without losing touch of the pragmatic and realist tradition within Brazilian diplomacy. Thus, it places more emphasis on North–South cleavages and prioritises bilateral relations with Southern countries, seeking to shape not only a ‘new trade geography’, but also a multipolar international political order.

An important feature of this new approach in Brazilian diplomacy is the attempt to link diplomatic agreements with business missions, supported by Brazilian government agencies and enterprises (Tachinardi, 2008), such as APEX, BNDES, Petrobrás and EMBRAPA.

It is worth stressing that Lula’s foreign policy was highly criticised from the very beginning, with moves such as opening embassies in supposedly unimportant African countries. President Lula would respond by saying that, first, the external agenda was not informed by utilitarian interests and secondly, that such measures could create new economic ties. It goes without saying that a new geopolitical view—one that placed a high interest on acquiring a seat in a reformed UN Security Council—was behind this change of attitude.

Another concrete step was the creation of the India–Brazil–South Africa (IBSA) group. As regional leaders, with similar positions in multilateral organisations and a common wish to integrate a reformed UN Security Council, India, Brazil and South Africa established a strategic partnership. However, their economic ties are not as strong as they could be. They seem not to go much beyond informal consultations and small-scale technical partnership agreements.

Before examining the hypothesis on the complementary of Brazil’s economic and geopolitical moves towards Africa, we believe it is necessary to discuss the fate of the Brazilian economy’s internationalisation as this also depends on the main characteristics of the country’s model of development. To this we now turn.

**Brazil as an ‘emerging power’: an assessment of its strengths and weaknesses**

Since 2008, Brazil has been praised almost everywhere for having joined the front rank of economic powers. *The Wall Street Journal* published a front-page article describing the country as ‘a relative safe haven, a resource-rich democracy that is growing steadily, if not spectacularly, in a quiet corner of the world’ (*The Wall Street Journal*, 13 May 2008). After Brazil was granted investment grade status, *The Guardian* confidently stressed, ‘the country of the future finally arises’ (*The Guardian*, 10 May 2008).

While recent economic data may have improved in face of a turbulent past, let us not forget the main weaknesses remain on the way of a new development pattern. During the 1990s, the country was a good example of a ‘stop and go’ path. Figure 1 is self-explanatory: every drop in the investment rate brought with it a retreat in the level of economic growth. It also leaves us with a large question mark about the sustainability of the post-2004 data.
This change can be mostly explained by the improving external situation. During the 1990s, the currency was pegged to the dollar—although somewhat flexibly—which raised the current account deficit to worrisome levels. FDI was not enough to fill this gap, so the country used interest rates to attract short-term capital. As a side effect, the public debt/GDP ratio and the external debt/exports ratio both increased. The latter increased up to a point, in 1998, when the external debt was five times higher than the total value of exports, after which, partly due to the undervaluing of the currency and the recovery of world trade, Brazilian exports would increase and equal the total external debt (Figure 2).

Currency devaluation, from 1999 to 2002, was fundamental for the country’s economic recovery. This process took a while to materialise and was also helped by the international economic boom after 2003, which led exports to
increase considerably. The effective real exchange rate lost 80% of its consumption power from 1998 to 2003 (ECLAC, 2007). Exports were raised by a factor of 2.8 from 1999 to 2007, reaching a trade surplus of US$46 billion in 2006, the fifth largest in the world (WTO, 2008). Booming commodity prices and a reasonably competitive industrial sector were key factors determining this outcome.

After 2004, the pace of economic growth increased, as the export stimulus was spread throughout the economy thanks to falling interest rates, increasing social expenditures and a rising wage bill. Investment also increased faster than GDP, with the inflation rate controlled by an overvaluing currency. Simultaneously, in a scenario of falling interest rates, the public debt/GDP ratio fell by around 40% by the end of 2007. As if this were not enough, Brazil’s share of the world FDI increased in the last year, accounting for one-third of this type of investment in Latin America (ECLAC, 2007).

During the period 2003—2007, for the first time in 20 years, Brazilian economic growth outpaced the world average as shown in Figure 3. In fact, some forecasts—assuming that the BRIC economies will increasingly function as engines of growth in the long run—envision that the rate of 3.8% economic growth reached during the period 2003–2007 would be maintained until 2050. By then, the country’s GDP measured in dollars would overtake that of every single European country and approach Japanese rates (Wilson and Purushothaman, 2003).

One of the shortcomings of these forecasts is that they look at the economic surface, neither analysing the level of systemic competitiveness in depth nor the sectors that would bring about this fantastic growth.

If one considers a different set of data, some fundamental imbalances are unveiled. Let us glance, for example, at the composition of Brazilian foreign trade. The increasing trade surplus in agriculture, mining and low-technology manufacturing sectors (including food processing) is due mainly to higher prices, whereas Brazil is becoming overtly dependent on high-technology industrial goods, supplied mainly by the US, the EU and China. In spite of the high

![Figure 3. Rates of Real GDP Growth—Brazil and World Average.](image)

*Source: World Bank and Brazilian Central Bank.*
levels of international reserves, the country may face new external vulnerability and relative deindustrialisation should economic growth rates stabilise at the same level with a rapidly overvaluing currency—a movement that has been in evidence since 2004—and higher than world average interest rates.

The main paradox seems to be the following: on the one hand, Brazil depends on an overvalued currency to prevent high levels of inflation; on the other hand, this may jeopardise further diversification of internal productive capacity.

Up to the moment, investment is booming, but the sectors leading the industrial output are either resource-intensive or middle-technology sectors, the latter led mainly by transnational companies with a presence in the internal market and largely benefiting from the country being a base for exports to the rest of Latin America. This does not seem enough to put the country into a new and sustainable development path.

In fact, Brazil may be in the middle of a transition from a semi-stagnant economy to a Sino-centric system, where some of its industrial base will need to adjust to this new competitive shock (Castro, 2008). Would the holes opened in some of the industrial chains be offset by a leading presence in other production niches both internally and in the global market?

This competitive pressure in the internal market may affect also the current structure of the country’s exports. Since the beginning of this century, Brazil has managed to diversify its exports away from the US and the EU, as shown in Figure 5. Two complementary (but possibly contradictory) paths arise in the country’s exports to developing countries. Exports to African and Latin American countries are mainly manufactured goods, while exports directed to China are mainly commodities.
For the country to maintain its high level of manufacturing exports—concentrated in the Latin American market and some other developing countries, but also in the US market—it needs to upgrade its economy as a way of not depending solely on commodities exports, as is the case of its trade relations with China and the EU. If this proves unworkable, Brazil may combine resource-intensive activities and some industrial assembly companies in its huge territory, which, however, may not be enough to feed the engine of growth and incorporate its vast mass of unemployed workers.

The above-mentioned impoverished productive structure is only one of the possible outcomes. Through a package of industrial and technological policies, private and public investment in infrastructure, more overreaching trade agreements with Southern countries and a different combination between exchange and interest rates, another path may arise, one in which international exposure should be seen as complementary to internal market expansion. As we put forward below, this has not yet been the Brazilian case.

Up to the moment, Brazilian transnational companies—rising superstars that compete with other global companies from the developed world—either come from sectors in which the country combines resource advantages with technological capacities, such as mining, oil and steel; or from somewhat isolated industrial sectors—aircraft, bus manufacture, auto parts—that have developed new products and processes, or from the heavy construction sector. Considering the top 20 Brazilian multinationals, the first group represents around 75% of these companies’ foreign assets, the second 12%, and the third one 6.8% (FDC/CPII, 2007).

Indeed, 2006 was the first year in the country’s history in which FDI outflows outpaced net inflows. However, these are very concentrated both sectorally, as shown above, and regionally, with a significant concentration in Latin America.

Some of the reasons for this trans-nationalisation relate to an economic context of internal market stagnation that prevailed in the 1990s. Profitable companies that benefited from economies of scale sought to disentangle themselves from...
macroeconomic imbalances at home. High interest rates and volatile exchange rates were fundamental to this change of attitude. This aggressive strategy helped them to consolidate their technological capacities while expanding their market abroad much further than what they could have done through exports only (Correia and Lima, 2007).

It may be the case that Brazilian transnational companies arriving in South America and Africa are not in the same position as powerful enterprises from industrial or fast industrialising countries, at least when we consider the weaknesses that underlie the short-term macroeconomic data. In other words, what is missing in Brazil is a dynamic structural change that would bring about a sustainable new generation of transnational firms, coming from different sectors. For that to come about, not only would government incentives be required, but also a more coherent development strategy.

**Brazil in Africa: do geopolitical and economic interests stand together?**

In order to discuss the extent to which Brazilian geopolitical and economic interests in Africa are compatible, it ought to be noted that this renewed attention to the continent is not exclusively the result of changes within Brazilian foreign policy but also a reflection of Africa’s present moment. The region has been converted into the latest frontier of global capitalism, becoming one of the most attractive sources of investment in the world, be it related to raw material exploration, infrastructure building or exports.

In general terms, Africa has been engaging in greater liberalisation efforts while offering increasingly appealing opportunities in the most diversified economic sectors. Kenya’s largest mobile phone operator, Safaricom, made a recent initial public offering (IPO) that attracted many foreign investors and resulted in 45% of the company’s shares being acquired by Vodafone Kenya while 35% remained state-owned. Zambia’s major companies index grew by 525% in the past three years while Malawi’s saw an increase of 564% in the same period (Valor Econômico, 27 June 2008). New agricultural frontiers are being established with the expansion of Ugandan coffee and Cameroonian cotton. The African Development Bank estimates that the region’s average growth rate in 2007 was 5.7% (Valor Econômico, 27 June 2008). Some countries have enjoyed booming annual GDP growth rates in the past few years: in 2006, Angola reached an annual average of 18.6%, Mozambique had 8.5%, Kenya 6.8%, and Tanzania 5.9% (World Bank, 2006). In face of this emerging reality, the continent’s present moment has been described as the ‘African Renaissance’.

A further element contributing to the ‘all eyes in Africa’ atmosphere in international affairs is Chinese mounting economic presence in the continent as the new Asian power is avid for raw materials to sustain its economic development and high growth rates. The growing Chinese presence in Africa has stirred fierce competition for different types of investment in the continent, not only among actors with longer presence in the region, such as European countries and the United States, but also other emerging economies like India and, to a lesser extent, Brazil.
This new sense of urgency towards Africa initiated by the Chinese is clearly reflected in a very recent speech given by President Lula at GE Transportation South America, in the state of Minas Gerais-Brazil, in which he criticised Brazilian firms’ timid participation in Africa vis-à-vis Chinese ones. He affirmed that ‘Brazil cannot afford to sit and wait while things are happening in the African continent without our participation’ (Valor Econômico, 28 May 2008).

Nevertheless, as the following sections will demonstrate, the reality is that Brazilian companies are by no means on a level playing field with their Chinese competitors as the latter’s expansion in Africa relies heavily not only on a multiplicity of governmental mechanisms that Brazil is simply not in a position to offer, but also on a internal transformation of the economic structure leading to an increasing participation of high-technology sectors.

The following part will be divided into two sections, focusing separately on Brazilian geopolitical and economic relations with African countries. At the end, we will summarise our main findings, stressing the complementarity (or lack of it) between both agendas.

**Brazilian geopolitical relations with Africa**

In light of this context, one may categorise the Lula government’s renewed interest in Africa in terms of three main objectives: South–South diplomacy as a means of strengthening global leadership; Brazil’s bid for a UN Security Council seat; and the biofuels agenda. Nevertheless, while these geopolitical motivations are largely reflected in the rhetoric informing Brazilian policy towards Africa—as well as in the various diplomatic trips made by President Lula to the continent in an effort to open new embassies in the region—the extent to which the celebrated agreements are being thoroughly implemented still needs to be evaluated.

Brazilian attempts to establish greater cooperation with Africa are marked by a clear effort to depict relations as being special. This rhetoric is heavily based on the African heritage within Brazilian culture, on Brazil’s historical debt to Africa for perpetuating slavery for centuries as well as on the fact that African countries are also developing ex-colonies that have much to gain from cooperation with Brazil in multilateral forums. After his seventh mission to Africa in October 2007, President Lula wrote an article in which he claimed that: ‘Brazil has all the conditions to contribute to this “African Renaissance”. We want to overcome the cruel past of slavery, which made us unhappy on both sides of the Atlantic. We have historical bonds. We are ethnically and culturally similar’ (Valor Econômico, 15 October 2007).

In essence, these proximity arguments seek to guarantee Brazil a privileged status in Africa and represent a normative justification for geopolitical interests. Quantitatively, African backing is of vital importance to attain the type of UN reform Brazil foresees, one that would allow the country to be granted a seat in the UN Security Council. An illustration of Brazilian diplomatic efforts to this end lies in the renewed attention given to the Community of Portuguese Speaking Countries (CPLP); Sao Tome and Principe, the sole CPLP country where Brazil
did not have an embassy was the first to gain one when President Lula came into power in 2003.

Africa is also of strategic importance as far as biofuels are concerned. One of the central pillars of Brazil’s present foreign policy is global biofuels promotion; the country seeks to explore its leadership in the area by gaining international recognition while popularising the use of this type fuel depicted as a potential solution for the world energy crisis. Moreover, arguments for biofuel adoption are centred on the need to grant them commodity status as the Brazilian government portrays them as a development tool capable of reducing poverty and generating employment while being environment friendly, as well as a way of democratising access to renewable security. Consequently, Africa’s adoption of biofuels may be strategic if we consider that this continent hosts some of the poorest countries in the world, most of them having plenty of free arable land while presenting the appropriate climatic conditions for their cultivation.

In the words of Ambassador Roberto Jaguaribe, Under Secretary General for Political Affairs at Ministry of External Relations, ‘the Brazilian government considers Africa as the new biofuels frontier (Agência Brasil, 14 October 2007). As it will be noted in greater detail next, both the Brazilian Development Bank (BNDES) and the state-owned Brazilian Company for Agricultural and Cattle-Raising Research (Embrapa) have been involved in efforts to promote biofuels in the continent by exporting technology.

Regarding President Lula’s missions to Africa, it is rather remarkable that he has managed to make eight trips to 19 countries since the beginning of his first mandate in 2003. The following table illustrates these events.

While the fact that a lot of the agreements signed never came to be observed is of particular relevance to this discussion, it should be acknowledged that the numerous presidential missions to Africa represent an unprecedented shift in the country’s diplomacy, pushing Brazilian relations with the continent to a different level. The agreements celebrated during these missions have tended to involve technology transfers in agriculture, most notably concerning biofuels; trade; HIV/AIDS prevention; the replication of Brazilian social policies such as Bolsa Familia in Mozambique; education; sports; and culture.

If one looks at the countries visited more than once, it is possible to establish a certain degree of convergence between geopolitical and economic interests. South Africa is the most visited country; President Lula has been there three times; it is the region’s most powerful nation and the main destination of Brazil’s exports in Africa. Besides, South Africa is part of the IBSA initiative (India–Brazil–South Africa), essentially a debating forum created in 2003 in order to promote the new South–South paradigm.

Angola, Nigeria, Sao Tome and Principe and Ghana have all been visited twice. Angola is the destiny of most of Brazilian investment in Africa. Nigeria is the country with which Brazil has one of its largest current account deficits, as a consequence of oil exports. Sao Tome and Principe is part of the CPLP and is thus strategic for UN support.
Table 1. President Lula’s Missions to Africa

<table>
<thead>
<tr>
<th>#</th>
<th>Date</th>
<th>Countries Visited</th>
<th>Some Achievements</th>
</tr>
</thead>
</table>
| 1   | November 2003 | Sao Tome and Principe, Angola, Mozambique, Namibia and South Africa | 31 agreements signed with five countries visited:  
Sao Tome—official inauguration of Brazilian embassy, eight agreements signed on education, health, sports and agriculture;  
Mozambique—agreement on technology transfer for generic HIV/AIDS medicines;  
agreement with Vale for mineral coal exploration. |
| 2   | December 2003 | Egypt and Libya                                        | In the context of the South-America–Arab Countries Summit.                                                                                           |
| 3   | July 2004   | Sao Tome and Principe, Gabon and Cape Verde            | Sao Tome—Portuguese Speaking Countries Community’s head of states summit; a preferential tariff agreement to ease the entrance of member-countries’ (with the exception of Portugal) products in Mercosur was proposed by President Lula;  
Gabon—strategic: leader in manganese production; Vale has important investments in the country;  
Cape Verde—agreements on education;  
Lula inaugurated a telecentre donated by Brazil. |
| 5   | February 2006 | Algeria, Benin, Botswana and South Africa             | Algeria—partnership for agriculture and cattle-raising forest development;  
Benin—agreement for capacity-building on malaria prevention and control;  
Botswana—negotiation of agreement for partnership on the combat of Aids and other STDs |
| 6   | November 2006 | Nigeria                                                | First meeting of the Africa-South America Summit                                                                                                  |
| 7   | October 2007 | Burkina Faso, Congo, Angola and South Africa          | Burkina Faso—partnership with Embrapa: technology transfer for the cultivation of a more resistant type of cotton, other six agreements on health, sports and culture;  
West African Economic and Monetary Union—biofuels agreement |
| 8   | April 2008  | Ghana                                                  | 12th UNCTAD Conference;  
Ghana—celebration of four cooperation agreements                                                                                                 |

Source: BBC Brasil (2 November 2003); Folha de São Paulo (31 October 2003); BBC (25 July 2004); Agência Estado (12 April 2005); Agências France Presse e O Globo (12 April 2005); O Estado de São Paulo (27 April 2008).
Finally, Ghana is where Embrapa’s office in Africa is headquartered. This office concentrates most of the biofuel technology transfers from Brazil to Africa. Besides, although Mozambique and Gabon have only been visited once, it can be argued these trips were strategic in the sense that one of their main purposes was to give public support to Companhia Vale de Rio Doce (CVRD) investments in those countries.

Additionally, the fact that President Lula opened up 12 new embassies in Africa in four years can be read as a groundbreaking indication of Brazil’s renewed commitment to Africa. The following table illustrates this improvement in relations.

Although the combination of presidential missions to Africa with several new embassies opened in the continent is very representative of the turn in Brazil’s policy towards the continent, they cannot be taken as proof that geopolitical and economic motivations stand together. Even if Lula always travels with a group of businessmen interested in investing in Africa, as it will be seen below, his government does not offer sufficient supportive mechanisms to motivate firms to operate in the continent. Brazilian companies with activities in Africa seem to have managed to get there independently even if they are the ones most capable of benefiting from new funding and cooperation mechanisms.

Admittedly, the new turn towards Africa in Brazilian diplomacy has been accompanied by innovative funding and cooperation mechanisms; however, they are still quite limited in reach. The two institutions responsible for this moderate change are the Brazilian Development Bank (BNDES) and the state-owned Brazilian Company for Agricultural and Cattle-Raising Research (Embrapa).

BNDES is the main funding agency for the goods and services exports used at infrastructure projects in Africa undertaken by Brazilian companies. By September 2007, the Bank had approved 29 projects amounting to US$742 million (Folha de São Paulo, 16 September 2007). The Bank has recently approved funds for the production of ethanol in Ghana to be exported to Sweden, the country that consumes the most ethanol in Europe (O Estado de São Paulo, 27 April 2008). Besides, representatives from the Angolan and Mozambican governments have already been to BNDES headquarters in Rio de Janeiro in order to gain knowledge of the available funding mechanisms for

<table>
<thead>
<tr>
<th>January 2003–October 2007</th>
<th>Twelve new embassies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries (29)</td>
<td>Algeria, Angola, Benin, Botswana, Cameroon, Cape Verde, Egypt, Equatorial Guinea, Democratic Republic of Congo, Ethiopia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Libya, Morocco, Mozambique, Namibia, Nigeria, Sao Tome and Principe, Senegal, South Africa, Sudan, Tanzania, Togo, Tunisia, Zambia and Zimbabwe</td>
</tr>
</tbody>
</table>

Source: Valor Econômico (29 October 2007); and Brazilian Ministry of External Relations.
the import of equipments as well as technology transfers for the construction of ethanol power plants (*Agência Estado*, 22 April 2008). South Africa, Benin and Zimbabwe have also demonstrated interest in ethanol production and export funding (*Valor Econômico*, 10 September 2008).

Yet, the Angola Credit line is the most important funding mechanism available. It started out in 2006 as a means of financing the purchase of equipments to be used in infrastructure projects in Angola conducted by Brazilian firms with a budget of US$750 million. In the event of the seventh presidential trip to Africa, in October 2007, President Lula officially granted another US$1 billion to the credit line when visiting Angola (*Valor Econômico*, 10 June 2008). BNDES resources are used in projects that are priorities for the Angolan government; that is, mostly roads. There is also funding of different goods and services such as the Capanga hydroelectric power plant, research centres and agricultural equipment (*Agência Estado*, 22 April 2008). The Bank is presently in the process of approving the first direct private sector project: a sugar plant to be constructed by Odebrecht.

Nevertheless, almost all of the funds destined to the Angola Credit Line have already been allocated. The head of BNDES’ Department of Foreign Trade, Luciene Ferreira Machado affirms that, for the time being, there is no intention of making more funds available. Her justification synthesises the central argument being put forth in this section’s discussion as she argues that ‘we have no intention of competing with China because we do not have the means to do so. Our rationale is one of preserving a space conquered by Brazil, although we are aware that we are operating in an environment marked by fierce competition’ (*Valor Econômico*, 10 June 2008).

In effect, the same applies to Embrapa’s projects in Africa. This state-owned research company started its international expansion in 1998 with the aim of

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**Table 3. Innovative Funding and Cooperation Mechanisms in Africa**

<table>
<thead>
<tr>
<th>BNDES</th>
<th>EMBRAPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2007: 29 projects—US$742 million</td>
<td>August 2007: out of the 24 international projects under negotiation 11 were in Africa.</td>
</tr>
<tr>
<td>Angola credit line—US$1.75 billion</td>
<td>Ghana—Embrapa’s African headquarters; partnership with construction Company Constran for ethanol production.</td>
</tr>
<tr>
<td>Ghana—funding for ethanol production to be exported to Sweden</td>
<td>South Africa—negotiations underway for greater technical and scientific cooperation.</td>
</tr>
<tr>
<td>Angola, Mozambique, South Africa, Benin and Zimbabwe have demonstrated interested in Brazilian technology for ethanol production and in export financing.</td>
<td>Mozambique—US$4.6 million pilot project on soil conservation and recuperation. Angola—partnership with company Odebrecht on maize production for animal feed.</td>
</tr>
</tbody>
</table>

*Source: Embrapa and various newspaper sources, all cited in the text*
combining the acquisition of knowledge in rich countries with knowledge transfers to other developing countries. Moreover, Embrapa’s internationalisation efforts have also become a foreign policy instrument of the Lula government in its pursuit of increasing South–South cooperation.

It should be noted that the company’s strategy in Africa seeks to take advantage of the Chinese presence in the continent—as the latter has promised to invest US$5 billion in the region over the next five years—in order to gain market access in areas such as capacity-building, technical assistance, consultancy services, and associated research and technology transfers on tropical agriculture (Valor Econômico, 25 April 2007). The rationale behind this strategy is that Chinese investments will eventually result in the considerable growth of the internal African food market; once this is the case, it will be possible to export Brazilian products such as agricultural equipment, seeds and commodities. In the words of Silvio Crestana, Emprapa’s president: ‘China is going to Africa after mining, copper, iron, manganese as well as oil and gas. We are going after the vacuum left by them in order to, for the first time, put our feet out of Brazil in an institutional fashion’ (Valor Econômico, 25 April 2007).

Clearly, in spite of Embrapa’s increasing presence in the continent—out of the 24 international projects being negotiated in the company by August 2007, 11 were in Africa (Embrapa, 2007)—and its thirst to ascertain Brazilian economic interests there, Embrapa’s African strategy is still at a rather embryonic stage.

One of the most important recent accomplishments has been the opening of Embrapa’s African headquarters in Accra, Ghana. The company has then developed technology transfer projects on kassava plantation in the country. Moreover, it has established a partnership for ethanol production with the construction company Constran. Through this combination of private investment with Embrapa’s technology, the project seeks to plant 27 thousand hectares of sugarcane for the production of 150 million litres of ethanol per year as well as to generate 47 megawatts of electricity from crushed sugar cane (Agência Brasil, 21 April 2008). Three of the four agreements signed by President Lula in his recent visit to Ghana involve technology transfers from Embrapa.

In addition, Embrapa has been holding talks with government representatives from South Africa in order to increase technical-scientific cooperation. The idea is to eventually establish a memorandum of agreement with South Africa’s Agriculture Research Council. South Africans have also demonstrated interest in biotechnology as well as nanotechnology (Embrapa, 2008).

Embrapa is also developing a US$4.6 million pilot project on soil conservation and recuperation in Northern Mozambique funded by the Brazilian Foreign Ministry and the French government. The idea is that the model is replicated throughout the continent. The company also has a partnership with the company Odebrecht in Angola on maize production for animal ration in an area of 36 thousand hectares. In essence, although growing steadily, Embrapa’s action in Africa is still small and fragmented.
Brazilian economic relations with Africa

In this section a brief description of Brazil’s trade and investment relations both with the region as a whole and with some important individual partners will be presented. First, we proceed to a depiction of our commercial relations with the African continent. Secondly, a more detailed analysis concerning our main African trade partners will be presented. The third section will deal with Brazilian FDI in Africa, focusing on the country’s enterprises therein and also on the economic sectors and specific countries in which they operate.

Brazil’s trade flows with Africa have increased markedly in this century, after a decade in which they stabilised at low levels. From 1999 to 2007, the bilateral current of trade (exports and imports) increased by 459%, almost reaching US$20 billion in the last year of the period.

Even though Brazil still had a trade deficit in the 1999–2007 period, exports to Africa increased 542% and imports jumped 410%. Most importantly, as we see in

![Figure 6. Brazilian Exports and Imports to Africa (in million US$). Source: Secex/MDIC.](image)

![Figure 7. Rate of Increase of Overall Brazilian Exports and of Exports to Africa (%). Source: Secex/MDIC.](image)
Figure 7, the rate of increase of Brazilian exports to Africa grew at a higher pace than overall Brazilian exports, which rose by 345%.

As a result, if Africa’s participation in Brazilian exports fell from 3.2% to 2.8% in the 1990s, in 2007 the same percentage would amount to 5.3%. Most importantly, the majority of Brazilian exports to Africa are manufactured goods (69%). Semi-manufactured goods and basics account for 13% and 18%, respectively. Actually, fuels and the oil sector aside, Brazil would have a surplus with Africa close to US$4 billion, that would amount to 10% of the country’s total surplus in 2004 (Sennes and Barbosa, 2005b).

Concerning Brazilian imports from Africa, in 2007 they represented a share of 9.4% of all our imports, slightly below Mercosur, which accounted for 9.6% of imports. In a ranking elaborated by the MDIC (Ministry of Development, Industry and Commerce), two African countries appear as Brazil’s main suppliers: Nigeria and Algeria (fourth and twelfth place, respectively) (MDIC, 2007, p. 7). As should be expected, oil was our main import from both countries in 2007–2008 (97% and 76%).

Using disaggregated data, the main destinations of Brazilian exports in Africa were South Africa, Nigeria, Egypt and Angola. Altogether they comprise 66.8% of the country’s exports to the region, as Table 4 shows. Trade between Brazil and these countries has grown significantly since 2002–2003, as MDIC records indicate, and it seems that this trend is also true for many other African countries, such as Algeria (Brazil’s fifth African trade partner), Cameroon, the Democratic Republic of the Congo, Equatorial Guinea, Ghana (Brazil’s seventh African trade partner), Guinea, Guinea-Bissau, Libya, Morocco (Brazil’s sixth African trade partner), Senegal and the Republic of the Congo (MDIC, 2007).

It is important to note that President Lula visited these countries in the different missions that he made to Africa. During his two periods of office, it is undisputable that Brazil’s economic relations with these countries were strengthened. Thus, it may be argued that economic interests were fundamental, even though not the exclusive factor for the definition of the visited countries.

All countries in Table 4 import sugar (cane and beet) from Brazil, and almost all of them import vehicles (South Africa, Angola and Nigeria) and parts of vehicles (South Africa, Angola and Egypt).

### Table 4. Main Destination of the Brazilian Exports in Africa in 2007

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>US$ FOB (free on board)</th>
<th>PARTICIPATION (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>20.5</td>
<td>20.5</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1,512,357,010</td>
<td>17.6</td>
</tr>
<tr>
<td>Egypt</td>
<td>1,238,382,477</td>
<td>14.4</td>
</tr>
<tr>
<td>Angola</td>
<td>1,218,235,629</td>
<td>14.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,505,162,340</td>
<td>66.8</td>
</tr>
<tr>
<td>TOTAL AFRICA</td>
<td>8,578,221,741</td>
<td>100</td>
</tr>
</tbody>
</table>

Other types of gasoline are also in the list of exports to these countries: of all Nigerian imports from Brazil between January and May 2007, 49% were grouped under the rubric ‘Other types of gasoline’ (according to the MDIC’s classification). During the same period, sugar (cane and beet) also responded for a considerable share: 19.2%. This is also true for Angola—in spite of smaller numbers, 4.88% and 10.6%. In this year, for the same period considered, the imports of ‘Other types of gasoline’ were larger than those for sugar. Angola also imports parts of vehicles (as already mentioned), pre-built constructions of steel or iron, and tractors (data from SISCOMEX/ALICE, 2007).

Analyzing our exports to Angola, comparing the participation of some products in 2007 and 2008, it is interesting to note that Brazil has started to export more capital-intensive goods (such as vehicles and parts of vehicles, aeroplanes) instead of basic goods (chicken, for example). The 2007–2008 comparison shows that African countries—especially those where Brazilian goods are more competitive than European or American ones—in fact can become important trade partners; and are important niches for our manufactured products.

Some Brazilian firms have already started to consider African countries, especially Angola, as their main markets. Marilan, producer of cookies and a competitor of Nestlé in Brazil, exports an exclusive wafer to Angola. The main export destination for well-known Brazilian caramel producer Balas Juquinha is Angola. Finally, the Brazilian cosmetics sector also benefits from this improved economic scenario with Africa. Embelezze, which specialises in hair products for Afro-descendants and has been in the Brazilian market for more than 50 years, now exports to Mozambique and Angola (Valor Econômico, 26 February 2008; 3 March 2008; 7 March 2008).

There seems to be an asymmetry between our trade and investment relations: whilst Egypt, Nigeria, Algeria and Morocco appear as important trade partners in the continent, in terms of investment the same does not apply. Detailed data collected by one of Brazil’s most prestigious business newspaper revealed that our enterprises focus on very few countries (three, actually) and that the majority of them are top transnationals.

This concentration of Brazilian investment on a small number of big companies goes back to the 1980s and 1990s, when only some of them operated in Africa—Petrobrás, Odebrecht and Companhia Vale do Rio Doce (CVRD). Nowadays, other big companies are arriving and some small enterprises can also be found, especially in Angola.

Angola is the main destination for Brazilian firms that invest in Africa, and the sectors in which they operate are very diversified (construction, consultancy, oil and gas, water treatment), as is their size. Mozambique and South Africa appear as the second host countries for Brazilian enterprises in Africa, as Table 5 shows, and the branches in which they operate also varies, as does their size. Algeria and Libya also appear as interesting places for Brazilian enterprises.

The report previously cited (conducted by Fundação Dom Cabral and the Columbia Program on International Investment) elaborates an interesting Regionality Index. This is calculated through a simple equation: the number of
host countries in where a Brazilian transnational is located in a given region as a percentage of all host countries where it is located, times 100. The results show us ‘that about half of the Top 20 have most of their activities in Latin America, with a few giving special attention to Europe and Asia’ (FDC-CPII, 2007, p. 4).

We can take a look also at the presence of the top Brazilian transnationals in Africa through an analysis of the Regionality Index, also taken from the above-mentioned report.

The Africa Regionality Index for Companhia Vale do Rio Doce’s (CVRD), is the same as the European, North American and Latin American ones. Asia is responsible for its highest Regionality Index: 60%. In the case of Petrobras’, the Africa Regionality Index is higher than the one for North America (11%). Europe and Latin America have the same index: 33%. In the construction sector, both

| Table 5. Brazilian Enterprises in Africa by Name, Industry and Destination Country |
|---------------------------------|-----------------|-----------------|
| Name                            | Industry        | Destination Country |
| Adeco Agropecuária              | Sugar & Ethanol | Mozambique       |
| Andrade Gutterez                | Construction    | Algeria, Angola, Cameroon, Equatorial Guinea, Libya, Mauritania and Republic of the Congo |
| Aquamce Equipamentos Ltd.       | Water Treatment | Angola           |
| Camargo Corrêa                  | Construction    | Angola, Morocco, Mozambique and South Africa |
| Companhia Vale do Rio Doce (CVRD)| Mining & Metals| Angola, Guinea, Mozambique and South Africa |
| Marcopolo S.A.                  | Bus Manufacture | Egypt (joint venture with a national enterprise, GB Auto S.A.E) and South Africa |
| Medabil                         | Construction    | Angola           |
| Odebrecht                       | Diversified, but mainly construction | Angola, Botswana, Gabon, Liberia, Libya, Mozambique, Republic of the Congo and South Africa |
| Petrobras S.A (Petróleo Brasileiro S.A) | Oil & Gas | Algeria, Angola, Equatorial Guinea, Libya, Madagascar, Mozambique, Nigeria, Senegal and Tanzania |
| Symnetics                       | Management Consultancy | Angola |
| Volkswagen Caminhões e Ónibus    | Bus Manufacture | South Africa |

* Andrade Gutierrez operates in Africa as part of a group of construction firms from Europe, such as the Portuguese Zagope.

Camargo Corrêa S.A. and Odebrecht S.A. present the same index for Africa, concentrating their operations mostly in Latin America.

From this data we can see that Africa, indeed, has become an important destination for some transnationals—and also for small to medium-size enterprises, which depend on relations with bigger firms to start doing businesses in Africa. On the other hand, we should not forget that only six out of the 20 Brazilian top transnational companies have important operations in Africa.

It would be an exaggeration to regard this phenomenon as an outgrowth of President Lula’s foreign policy. However, this movement now enjoys a better political support and willingness to strengthen economic relations between Brazil and Africa. The Brazilian government clearly encourages this movement towards Africa as entrepreneurs from these companies were part of presidential missions to Africa and their businesses were promoted in the visited countries (Valor Econômico, 15 April 2008).

This lack of clearness is well represented through the words of Marcopolo’s main executive, José Rubens de la Rosa: ‘So far we do not know if the Brazilian government wants its enterprises to internationalise because we do not receive any support, and we remain alone in face of crisis provoked by currency changes, like the one that took place in Argentina’ (Valor Econômico, 29 April 2008).

Private initiatives, such as the Brazilian Agency of Franchising, seem to fill this gap and promote Brazilian brands in Africa, especially in Angola. The above-mentioned institution organises seminars for prospective investors about the benefits each country has to offer and identifies niches for investment. In the case of Angola this initiative proved to work very well, and during the 24th International Fair of Luanda (Filda) in 2007—the main business fair of southwest Africa—about 3,249 contracts were signed with the 41 Brazilian companies present; they originated from the construction, machinery and equipments, vehicles, food and beverages, garment, shoes, furniture and services sectors. The Brazilian Agency for the Exports Promotion (APEX) estimates that the fair yielded US$5.5 million,
and expectations for the next 12 months were an additional U$34.6 million (Valor Econômico, 27 July 2007). Many Brazilian franchises already exist in Angola, and some of them are settled in the country’s first mall—built by Odebrecht S.A.

**Brief summary**

The overall picture established above indicates that while diplomatic developments may increasingly match the commercial and investment logics, in practice, this complementarity is rather limited and does not derive from a working coordination between geopolitical and economic interests. That is, geopolitical and private economic interests will collaborate when there are opportunities to do so, such as presidential missions or the availability of new credit lines. This is only the case on limited occasions and does not reflect a working and sustained convergence. In the case of Africa, the lack of resources contributes to hamper further convergence between economic and geopolitical interests.

Thus, on the one hand, President Lula’s foreign policy does indeed attempt to reconcile these two features. The inauguration of 12 new embassies, eight presidential missions to the region, and the few, notwithstanding politically important, funding and cooperation mechanisms in Africa, all show that Brazil is making an effort to strengthen its relations with the continent. However, as demonstrated in the second section, there are still structural bottlenecks to be overcome—regarding both economic internal imbalances and the policies that need to be addressed in order to foster the internationalisation of Brazilian companies—before this new foreign policy can be fully realised; that is, to combine political and economic interests.

**Concluding remarks**

Brazilian relations with Africa had been strengthened during the course of 1970s, followed by considerable distancing in the 1980s and 1990s, and then by an attempt at a much closer alliance in the present decade in the context of the Lula administrations. Thus, the present renewed interest in the continent is rooted in relations developed in the past and is attributed to a foreign policy approach that seeks to establish global prominence through the strengthening of South–South relations.

While the idea of Brazil as an emerging power is largely welcomed by its foreign-policy makers as well as by an increasing number of foreign commentators, the extent to which the country’s economy sustains such a status is doubtful. Relatively high growth rates and considerable increases in foreign reserves seem to be more the result of booming commodity prices in the international market than of a new development pattern. The great dependency on US, EU and Chinese manufacturing exports is an indication that the country’s high aggregate value industry development is rather limited. Besides, there are serious constraints that cannot be easily accounted for, such as the national currency’s overvaluation.
and distinctly high interest rates. In view of these limitations, one is led to question how far and how quickly Brazil will ‘emerge’ in the international sphere.

These shortcomings seem to confirm what this paper has perceived as a disconnection between geopolitical and economic interests. While politically Brazilian approximation efforts towards Africa seem to be consistent and structured, economically there appears to be an intention to act in the same fashion, but there are simply not enough foreign policy instruments to sustain the observance of economic interests in Africa; most notably concerning funding to support the internationalisation of Brazilian firms in the continent.

In sum, the presence of Brazilian companies in Africa cannot be credited to an efficient and pragmatic foreign policy: the fact that Brazil was the second largest outward investor among developing countries due to its top 20 multinationals can only be understood in light of the 1990s economic context. Under a new economic context at home and internationally, Brazil would need to diversify its export structure and the productive base from which its foreign investments are made.

Besides, it seems that commercial and investment relations with Africa do not follow the same pattern. South Africa, Brazil’s richest African partner and also the most important one (our exports to that country are 20.5% of our total exports to Africa) hosts six Brazilian transnationals. Nigeria and Egypt, Brazil’s second and third most important trade partners, have each one transnational. Angola, our fourth trade partner and home to nine Brazilian companies, is by far the African country with most Brazilian firms operating as well as many franchises of Brazilian brands and various cultural products (CDs, books, TV channels). Mozambique and South Africa are the second main destinations of Brazilian transnationals. Libya and Algeria also appear attractive to Brazilian firms.

Finally, it should be stressed that President Lula’s effort to get closer to Africa is quite remarkable even if it does not represent a novelty in Brazilian diplomacy. In fact, it tries to reconcile the tradition of Brazilian foreign policy, lost in the 1990s, with the requirements of the new economic and political international scenario—definitely not an easy task. Yet, there is still a long way to go if the intention is not to compete with the old and new powers in Africa but to develop a stronger position in new sectors and markets, surpassing the very limited range of activities in which the country is positioned at the moment.

Notes

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1. Quotations translated by the authors.
2. Previous to these events, the only political fact worth mentioning during the twentieth century was the Brazilian trade mission to Senegal, Liberia, Ghana, Nigeria, Cameroon and Ivory Coast in 1965 (Vizentini, 2005). In fact, up until the end of the nineteenth century, Brazil had diplomatic relations with some African countries, but those were brought to an end during Europe’s colonial conquest of the continent (Barboza, 2007).
3. In 1975, for example, Brazil was the first country to officially recognise Angola’s independence, even ahead of other African countries. However, countries such as Mozambique could not help seeing this South American power as a traditional enemy, distrustful of what they perceived as a sudden change of attitude (Gaspari, 2004).

4. The very first mission, in November 2003 was perhaps the most emblematic one. President Lula visited five countries and signed a total of 31 cooperation agreements with them. By July 2004, the Ministry of External Relations confirmed that two-thirds of the agreements had not come into force (BBC Brasil, 25 July 2004).

5. There is not much information available, but considering the list of affiliates of the Associação de Empresários e Executivos Brasileiros em Angola (AEBRAN—Association of the Brazilian Entrepreneurs in Angola) it appears that many small to medium-size Brazilian enterprises are moving into that country. Data on other Brazilian business associations in Africa could not be found.

6. This is the case of Aquamec Equipamentos Ltda. Founded in 1994 it operates in the field of water treatment (potable and industrial). The company arrived in Angola this year to conduct a project in Luanda for which the responsible is a Brazilian multinational, Odebrecht. Aquamec was contracted to design the project, selecting appropriate technology, sending the equipment and installing it to treat the water of an industrial compound. The contract for this project was calculated at US$20 million. The company’s vice-president believes that this may be an important move for the company, as many African countries lack water treatment services (Valor Econômico, 2 May 2008).

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