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**His Excellency Mauro Vieira**  
Ambassador of Brazil to the United States

*Brazil's Role in Global Decision-Making and the Economy*

**Diana Villiers Negroponte:** Ladies and gentlemen, we have gathered for a very special evening and please could we turn off the proverbial cellular telephones. Please off with those telephones. I know that if a critical call comes in but it does—it's a bit of a nuisance. Ambassador you have filled your embassy tonight and you have filled your embassy because this is Brazil. The interests on the part of the United States and its citizens for what is going on in Brazil is key, its high, and I've spent the afternoon examining public opinion on the foreign policy and attitudes towards the international affairs within Brazil. I report to you that the 2011 survey reveals that 76% of Brazilians are optimistic for the next ten years and 75% are optimistic for today. A high proportion see a future working with the United Nations, 86% welcome foreign investment. So, you have gathered here this evening, representatives from major corporations whom I want to thank because they are WFPG Corporate Council members, Host Hotels & Resorts, CH2M HILL, Proctor & Gamble. Ambassador you are the diplomat's diplomat. You are a professional who have served the Mexican, forgive me, the Brazilian foreign ministry in trade posts, foreign policy posts in Argentina, in Europe and of course back in Intamarati. We are very honored that you have agreed to host us this evening as part of our fall Embassy Series.

Women's Foreign Policy Group is very proud that embassies enjoy giving us an evening to learn about their country, to enjoy their delicious food, wine and to gain knowledge of the complexities of the relationship between the United States and the particular country. Some of you were at the Embassy of Turkey last week and on December 15 we shall meet at the Embassy of France. But tonight is Brazil and tonight we are going to hear from Ambassador Mauro Vieira whose biography is in the pamphlet that you have with you. Before we start the meeting I would like to ask my fellow trustees to please stand and be recognized—girls. [Applause.] Thank you. I unfortunately have to go to another meeting but I am handing the moderation of this evening to my very good friend and very distinguished lady Paula Dobriansky. Paula is now the Senior Vice President of Thomas Reuters in Government Affairs. She actually runs the place. But prior to that she was the Under Secretary of Global Affairs and if that sounds a mouthful, it is. It's migration, it's refugees, it's energy, it's environment, it's immigration and all of these multiple issues were at Paula's fingertips during the eight years she exercised the role of Under Secretary. So Paula, I'm handing over the moderation of this panel once the Ambassador has made his very special, personal remarks. Thank you. [Applause.]

**Ambassador Mauro Vieira:** Well thank you all for coming. It's a great pleasure for me to have tonight with the members of the Women's Foreign Policy Group. I am very happy you had last week the opportunity to the Turkish Embassy and next week, next month maybe, with the French Embassy. Turkey and France are very close friends and very close alliances with Brazil and that we have very good relations. I hope you have enjoyed the meeting at the Turkish Embassy which is a gorgeous house and I am sure you'll enjoy the meeting at the French Embassy which is very, very beautiful—it's an unbelievable building. But, I would like to thank you very much for coming. For me it's a very special occasion, more than normal, to be introduced by Dr. Diana Negroponte whom I have met years ago when I was a counselor at the Brazilian Embassy in Mexico and she is the wife of Ambassador Negroponte who was the US Ambassador in Mexico. As a very distinguished diplomat, he had the very

important role in Mexico, and I have also the pleasure being in contact with him in his present position as the President of the Council of the Americas. It is also a pleasure to have Ambassador Dobriansky as a moderator after my short remarks and it's very good to have you here. It's an honor and I feel I lost a very important moment in Washington—I missed you at the State Department. But we've been in contact and have worked together in your present position and it's always a pleasure to have you here.

So, I'd like to make very brief remarks of the timely meeting of the Women's Foreign Policy Group at the Brazilian Embassy because as you all know we have, since January 1<sup>st</sup> a new President, a woman, President Dilma Rouseff, who is the first woman to be the President of Brazil. She is a very distinguished professional and politician. She had the very important position at the state level and local government in the state of Rio Grande do Sul, where she was the Secretary of Energy. Also, at the national level, during President Lula's government she was Minister of Energy and also Chief of Staff to the President. Of course she is the member of the political party founded by Lula—The Workers' Party. She shared with President Lula the same views on the world, on Brazil and the social development of Brazil and economic development and also on foreign policy. So, I think it's a very good moment, and location to have this meeting and to speak about Brazil's role on global decision-making and the economy. It is a very important and accomplished title I hope I will be able to say a few interesting things about this.

I don't want to get into a lot of theory, political theory about how the power is distributed in the world and the importance of power distribution in the world but just make a very brief reference to the multi-polarism we had in the 19<sup>th</sup> century which lead and finished at the First World War. Then at the Second World War, two big superpowers resulted in this period and that, I think for most of the 20<sup>th</sup> century we have this bi-polarity. Of course, after the Second World War, the United States at each time, at each year, was stronger and bigger and for a long time it was a hegemonic power. But, more recently we have seen a different phenomenon—a kind of—what we would call the multi-polarization of international order. The main factors of, the two main factors converged to shape international order in which a great number come to display a more important role. On the one hand this group of countries, I should mention China, India, South Africa, Turkey, Indonesia and Brazil and others. On the other side we have as these countries are emerging and growing and they continue to grow, the high rate of growth represented in the world as a whole are smaller share for the developed world, for the traditional powers, the European countries, the United States and Japan. So this was the big change that took place at the end of the last years of the 20<sup>th</sup> century and that begin in the 21<sup>st</sup> century. And Goldman Sachs economist, Chief Jim O'Neill was maybe the first to see this new phenomenon arriving. He coined the acronym the BRIC countries, which now has an "S" at the end which stands for South Africa. So it is Brazil, Russia, India, China and now South Africa as emerging countries, as growing countries, which have a more important role to play, not only domestically but in the international role scene.

So, with this as a background, I'd like to try to answer why has Brazil risen and why has it become a global player and global stake holder. There are a number of variables coming into play. There is no doubt that the return to democratic government in Brazil, after 20 years of military regime, and that happened in the 80s, this played a very important role. Of course, the monetary stability, the macro-economic stability, that was conquered in the beginning, in 1993–1994 with the launching of the Plano Real, which launched the new currency in Brazil and this program was able to reduce inflation from the very high level that we had in 1993, we had 2500% inflation a year, and this figure was reduced to this year we will have something a little lower than 6%. So this changed everything this will have a better environment for foreign investments, you will have the conditions to promote social policies and policies of inclusion. Of course, this does not mean a punishment for poorer people who do not have the possibility to have any kind of defense against high inflation. So, that was done by coupling, free market policies with an active role played by the state in energizing the economy. It's very important to say that the state in Brazil was very important in putting into place the very important reforms that took place in the economic field, the social field and the political field.

I don't want to bore you with a lot of information and statistics but I'd just like to mention a few that I think are very important. The Brazilian economy grew an average of 3.4% in the last 8 years and the GDP was at 7.5% last year. This year will be around 4%. The per capita income grows by 21% in the last decade. In 2003, Brazil was responsible for 1.3% of the world economy. In 2010, by the end of last year, the Brazilian GDP represented 3.7% of total global output. So this means that in seven years it grew three times.

Brazil is today's seventh biggest economy, by some accounts it is going to be in the next year the sixth but it is for sure, according to projections from different institutes of international financial organizations, it will be the fifth largest economy by the end of this decade. Already considered investment grade by the three major grade agencies: Fitch, Moody's, and Standard & Poor's. Brazil had its rate increase by Moodys' in June this year which is a clear recognition of our sound foreign and fiscal standing. UNTAD, United Nations Conference on Trade and Development rated Brazil as one of the three main foreign investment destinations in the world for the period of 2010–2011, together with China and the United States. The confidence of foreign investors in the vitality of Brazilian economy translated the significant increase of foreign investment in Brazil which reached \$33 billion in the first half of 2011. This is almost 170% higher than during the same period last year. The international reserves have reached a very important level, by the end of this year it will be at the level of \$360 billion. Its presently at, in October, it was at \$352 billion.

The last government of—President Lula started a number of important programs of social policy inclusion, which were, they're very important. It was considered one of the last and best successful conditional income distribution program in the world. This was called and still is called, Bolsa Familia, or Family as Stipends, and this supports, benefits 12 million families. This is almost 50 million people. 28 million people were lifted out of poverty and 36 million Brazilians joined the ranks of the middle class during the last eight years. Brazilian middle class now has over 1 million people, more than half of the total population. This is about 54% of the total population of Brazil of almost 200 million, 196 million inhabitants according to the last census. President Rouseff focusing on improving the lives of the remainder 60 million Brazilians who still face the dire hardship of extreme poverty. She has made a point to eliminate extreme poverty by the end of her mandate. So, it still means that she has and we, all Brazilians have a long way to go and to include 60 million into the lower middle class.

The economic muscle and the social justice have certainly laid the groundwork for Brazil's new standing in the world. As Brazil's economy has strengthened the country has changed its role in the national arena, especially we have practiced very active and creative foreign policy. I will just mention a few initiatives that we took during the government of President Lula. Throughout the last decade, a little before, President Lula's government started to have in the South American integration. Brazil developed closer ties with other developing countries in Africa and the Middle East and Asia. We opened during the last 8 years, we opened almost 50 new embassies in the world, 19 of them in Africa. By leading the United Nations mission in Haiti, as Dr. Negroponte just mentioned her last visit to Haiti, Brazil was instrumental in helping that country in overcoming a political and security crisis and later offered immediate relief to the victims of 2010 earthquake. Alongside with Turkey, Brazil has helped broker a deal with Iran concerning the question of refueling of the Tehran reactor, research reactor. Brazil has also created and put its weight behind the creation of a number of formal and informal arrangements in international scene. I would like to mention the IBSA forum, IBSA stands for India Brazil and South Africa. The South American Allied Countries Summit and the South American Africa Summit which were both proposals under Lula. The UNASUL, the Union of South American [Nations] countries which was also a united group under Lula's presidency and the Community of Latin American and Caribbean Countries, and of course, the creation of a more formal framework for the BRICS countries. When the acronym was coined the BRICS were kinds of countries that had bilateral relations between themselves but never met as a group. As this new group, created by an economist of a very important financial institution. Since 2004, we started meeting not as an organization but as a group of countries who have a lot to do due together. We have many things together in which are accounting for  $\frac{2}{3}$  of the growth of the economic growth during the last five years.

The financial crisis of 2008 was not the root cause of this historical shift but it certainly made it all the more evident. The economic crisis that took place in 2008 did not happen in the developed worlds. In the past, we have in Brazil and Argentina the debt crisis, there was the Mexican crisis, the Russia crisis of 1997, the Southeast Asian crisis in 98. But, this one was a different crisis. It started in developed countries and of course it affected all the world. But, emerging countries or the BRICS countries, and other emerging countries were not affected immediately. They were, and some economists said, that Brazil was perhaps the last to be affected, the last into the crisis and may be one of the first out of this 2008 crisis. I think that these problems, but with all the background that I just referred to and with this crisis, we have the necessity of reform of global governance once highlighted.

With reference to global governance I'd like to say a few words about the creation of the G20. As a matter of fact, the G20 existed, it was known as the financial G20 and it existed since 1999. It was a meeting, a very technical meeting, of economists and specially headed by the financial ministers of each country. But, what happened, which was very important that happened in 2008 because it was the G20 was upgraded to the level of heads of state and governments. At this point, it kind of replaced many of the existing structures of world governance. Of course, it was clear that the G8 was no longer enough as a coordination for microeconomic issues. The G20 developed and enriching countries on equal footing and it was very important to have a larger number of countries who had a lot to say and who had a large contribution to world growth sitting at the table and discussing the destinies of the world economy. At the same time, I'd like to say that at the World Trade Organization also had to take into account the role of developing countries in world trade and it seems the Cancun meeting in 2003 that another G20 was created. It was the commercial, the trade, better known as the Agricultural G20, which was created by a number of countries. Brazil was one of the first countries to try to put in place this group. Brazil has been a leading voice in forwarding developing countries rights within the group that became known as the Agricultural G20. This important group changed completely the dynamic of the negotiations in the World Trade Organization because its departments are completely different and for this first time since the Cancun meeting in 2003 we have three different groups of negotiators. We have the United States, Europe and some European countries, Japan and the Agricultural G20.

Also, I'd like to say very few words about other international institutions like the World Bank and IMF, and it was very clear that a lot of reform was needed in these institutions. Before 2008 reforms Brazil had a very small reduced share of around 1% of capital import power of this institution. Together, with other developing countries and emerging countries such as Mexico, Indonesia and Turkey and many others, we have already gone through two reforms of the voting power and the capital was distributed in a different way and so the share of many of the countries has dramatically changed. Brazil, with now the 2010 reform when it will be concluded and ratified by most of the countries of the IMF, Brazil will hold 2.4% of the shares of the IMF, which over course gives it more weight in the institution and louder voice. Brazil was a founding member of the system of the World Bank and the IMF and we have always been present at the head of the chair at the executive director of the board of the World Bank since its creation.

Well and also another word has to be said about reform of the United Nations. Brazil has been putting forward and working very hardly on this reform. We've been discussing this, I think that for at least 15 years there is a working, a working group on the reform of the Security Council. We want to have a reform of the Security Council that would reflect today's world and not the world that resulted from the Second World War. Many important countries are not permanent members and Brazil together with Japan, India, and Germany, we formed the G4 and we defend that the Security Council have more nonpermanent members to be able to listen to different voices that have a lot of contribution in the world governance.

Just a final word, I'd like to say with relations of our bi-lateral relations between Brazil and the United States that we have a long and important alliance. Brazil and the United States have one of the oldest alliances for sure in the Western Hemisphere. This alliance, this relation was—by Bradford Burns, *The Unwritten Alliance*, and it's very interesting to note a number of important points of acquaintances

between our countries. First, to begin with, our diplomatic and consular relations started very, very long ago. In 1804, the United States opened a consulate in Brazil, which was not an independent country then. It was still part of the Kingdom of Portugal and Brazil. In 1822, the United States was the first country to recognize the independence of Brazil. Immediately after the establishment of diplomatic relations, we sent resident diplomats to other countries. We had a delegation headed by minister plenipotentiary, in 1805 was upgraded to the level of embassy with resident ambassadors. In 1910, the United States became the largest trading partner of Brazil. Of course, we have worked in a number of organizations bilaterally and multilaterally and we have developed a number of different negotiated agreements. We are two very similar countries. We share the same values, the same Western values. We are very large demographically, we are very large geographically and we are large Democracies and multi-racial. So, we do have a lot and many common points in our bilateral relation. So, I think that these are the main remarks about our bilateral relation. Also, how we, the Brazilian government and its foreign service, sees the position of Brazil in the world today. Of course it will be a great pleasure to answer your questions, if I am able to, if I have the right answers. Once again, I would like to let you know that it is a pleasure to have you here tonight and it is a very special occasion for me. I would like to continue to work with the Women's Foreign Policy Group in the future. Thank you very much. *[Applause.]*

**Ambassador Paula Dobriansky:** Ambassador, first, thank you very much. That was really a very comprehensive overview and I have no doubt that there are going to be many questions for you. But first, I wanted to remind people, make sure your cell phones are off. Secondly, I also did want to draw attention to the fact that this evening we have a number of you colleagues here in the audience. We have the Ambassadors from Grenada, Lesotho, Iceland, Mozambique, Cape Verde and also Italy's Ambassador to the OAS, and I hope I didn't miss anyone else but I wanted to recognize them.

Ambassador, I wanted to ask a few questions first and then we are going to go to the audience. I wanted to pick up on the last piece, the piece that you ended with about US-Brazil relations. President Obama visited Brazil earlier this year and President Rouseff will be visiting the United States early next year. Tell us a little bit about the outcome of his visit, what happened in Brazil. What is your expectation for the visit next year? What do you hope to achieve?

**Ambassador Vieira:** This is a very good question, it also gives me an opportunity to make a remark and give you some information because this is nothing new between Brazil and the United States. We have a long tradition of bi-lateral visits. The first visit by a Brazilian head of state to the United States was back in 1876 when the Emperor of Brazil, Peter II, came to the United States for the celebration of the centennial of the US independence. He traveled extensively, New York, Washington, Philadelphia and even to the West Coast and made a stop in Utah, back in 1876, by train of course. *[Laughter.]* So it was with us, so far, we have had a number of different visits from Brazil, in total almost 20 bilateral visits, if I'm not mistaken, my colleague Paolo will correct me. It's been almost 20 visits by 15 presidents and also the United States has had a number of visits, the first US President to visit Brazil was President Hoover in 1928. We have had also 14 or 15 visits, President Obama's visit last March was the 15<sup>th</sup> visit of the 12<sup>th</sup> US president to Brazil.

So we had this year in March a very good, a very successful visit to Brazil, President Obama stayed two and a half days, he visited with his family. He had a very interesting meeting with President Rouseff, I had the chance of being present. It's very impressive to see the long agenda they went through and all the important agreements that were signed. I think that especially, the big importance of this visit was the political importance such a visit of a head state. It always has a very special meaning and having a head of state coming to another country is something always very special. This is a sign of the continuation of this very important and very privilege we have had. On that occasion President Obama invited President Rouseff to come to the United States, we are still working on the dates, she has accepted. We hope it will take place in the first three or four months of the year. It will be a very important occasion to review all the agreements that were dealt with during President Obama's visit. We signed a number of very important agreements on that occasion. I would like to mention one that is very important which is the Aviation Ethanol Agreement between Brazil and the United States which

aims at developing ethanol as a fuel for aviation, which is the future of the planet. We have to work very carefully to protect the environment and I think it's a very important step forward, especially considering the importance of the air traffic in the United States which is by far the largest in the world. Of course, all the relations with Brazil, not only with Brazil but with Europe and also with Latin America. I was also going to mention that in this area we have Open Sky agreement which was signed between our governments and a number of very, very important agreements in different areas. But I think that the importance of these visits is the wide agenda, the very broad agenda and the possibility to discuss whatever issue comes to discussion and to discuss it freely, to discuss it in a very open and expansive way and to agree and to disagree on a number of issues. We do have some issues on which we do not agree but that does not mean that we are not good partners. On the contrary, I think this only proves that we are good partners because a good partner is one that is free to say yes and to say no when it's the case. Otherwise, it would be monotonous to have only the same opinion always.

**Ambassador Dobriansky:** Absolutely. Well Ambassador let me also ask you about an initiative that was spawned earlier this year. Secretary Clinton and Foreign Minister Patriota launched at the State Department, the Innovation Initiative and of which the United States and Brazil chair. I think the audience might be interested in hearing about it because also the outreach to business and industry. There were several components to this but could you say a few words about the very interesting initiative that was launched?

**Ambassador Vieira:** Yeah, as a matter of fact there are two important initiatives. The Innovation Initiative which is the consequence of all the meetings we have had. Last year we had a very important seminar, conference on innovation here in Washington with Brazil and the United States private sector in both countries which is very important. I also would like to mention, I forgot to mention that is a big mistake, that during my presentation that the program that President Rouseff just launched in June this year. It is known in Brazil by the name of Science without Borders. It is a very important program that is focused on science and technology and innovation and the main goal is to have more Brazilian students of graduation, post graduation and PhD abroad. President Rouseff wants to have at least 75 thousand Brazilians with full scholarships abroad by the end of her term in government. She wants half of it to be in the United States at very important top universities and the other part in a different part of the world, especially Europe. This is an important program that will be funded by the Brazilian government and part of it by the private sector in Brazil. It's directed to scientific areas, very specific, so called the hard sciences, medicine, engineering, and space sciences and earth sciences and so on. Also, this program includes that possibility of having important teachers from the United States and countries in Europe to go to Brazil for a period of one or two years to teach and to multiply in Brazil their knowledge. So, I think this is a very important initiative. This will bring the two countries even closer together. It will help understanding each other much better besides contributing a lot to the development of sciences.

I also would like to mention the Open Government Partnership which was established at the beginning between Brazil and the United States. Now, it was opened during the last United Nations General Assembly to the participation of other countries, and I think we have 40 countries by now. It is not known now as the Open Government Partnership but as the Open Government Initiative. A number of very important countries joined this movement and this is a way to make government more transparent and business more transparent and taken advantage the experience of each country and bringing this to the knowledge of other countries and other governments. In Brazil we have a very modern way of governing and especially do business in the government. It's everything you can get an answer by the Internet, you can see the accounts of every ministry, you can see what each ministry has invested in and the different projects they have. You can even see how much we spend in our embassies aboard [Laughter.], how much every day we spend, events we make. For instances, another good example, there is no longer circulation of paper between the different ministries in Brazil and the presidency. You'll send everything through e-mails, through electronic messages of course these are not public, this part cannot be open until they are approved in the higher levels. But, this is a very important initiative

which was very well received and welcomed by the countries that took part in the General Assembly. I think that the future will be to grow even to a larger number of countries of participation.

**Ambassador Dobriansky:** Ambassador, I am going to ask another question but everyone should be thinking of their questions because I am going to go right to you. My other question I want to ask you is about China. China now is, as I understand it, I believe your largest trading partner. Say a bit about China's relationship with Brazil and where it is going.

**Ambassador Vieira:** Well yes, as I said during my presentation in 1910 the United States became the first trade partner of Brazil and the United States held this position for one century. But now, China is the number one, but very closely is the United States. Of course, we have a number of different initiatives in terms of trade and we want to have more trade with United States too. We do have a very important trade with China. We sell China raw materials, commodities, but we also sell high technology products. We have investments in China and China has a lot of investments in Brazil too. We have our aircraft manufacturing company, Embraer, is present in China, not only selling planes but assembling some special lines of planes in China. We value very much this relationship and I would like to say that Brazil has worked with China very closely. For instance, during the period that China was entering the WTO we had a lot of coordination and exchange of information. But we do have trade surplus which is very large and important with China.

This is also the part that we have to work very hard with the United States because we have a huge trade deficit with the United States. This was a result of the 2008 financial crisis, we had a very balanced trade before. We had a little or small surplus, very little around \$1 billion in favor of Brazil or sometimes less than that, 800 million. That was very balanced, some years it was larger some years it was smaller. Since 2008, the US demands for Brazilian imports were down by 50% at least and we started running a very important deficit. There was an evolution from this small surplus of around \$1 billion to a deficit of almost \$12 billion. So this is a huge imbalance and we are trying in our bi-lateral conversations, and I must say that we have a number of different bi-lateral mechanisms of consultation and coordination with the United States. We do have specific mechanism between the foreign minister, because in Brazil the foreign ministry has the role and the competence of the USTR in the United States. The foreign ministry takes care of the foreign relations and also foreign trade. So we do have a number of different mechanisms that join the foreign ministry and USTR and the foreign ministry and the Department of Commerce and of course the foreign ministry and the State Department. Of course, in all of those mechanisms we discuss bilateral trade.

**Ambassador Dobriansky:** Okay, let's have questions.

**Patricia Ellis:** Yes, Ambassador you spoke about the new role that Brazil is now playing at the IMF. Christine Lagarde will be going to Brazil in just two days and there is a lot of talk about the role that Brazil might be able to play and offer to play in helping Europe during the euro crisis. I am wondering if you can discuss this and what Brazil would be prepared to do—the help that Brazil can give to Europe at this time.

**Ambassador Vieira:** Well, of course we received many visits of previous managing directors of the IMF to Brazil as a regular practice. It is very good Christine Lagarde is going down there. She, of course, will have very important meetings and discussions with the Minister of Finance who is the Governor of Brazil to the IMF and there will be a lot to discuss. I cannot advance much to you because, well it's part of the government negotiations of course. What I can say is what President Rouseff has been saying, especially during the G20 meeting in France, in Cannes, when she said that Brazil would be glad to work with the European countries in the IMF to try to find a solution for this crisis. Of course Brazil is playing a role. Brazil is a creditor of the IMF, we have a credit with them, we are not borrowing since the beginning of President Lula when we paid off all the debt we had with the IMF and with the Paris Club. What President Rouseff said is that she would be glad to have Brazil in the discussion but within the framework of the IMF and see what mechanisms can be put toward. The problem in Europe

is fundamentally a European problem. It's a problem of the mechanism of integration created by European countries, which is very important. It's the second currency in the world. It's also a reference and it has to be taken care of. It's important economic creation, financial creation for the whole world. But, that's what I can tell you right now.

**Question:** Nancy Rubin. First of all, congratulations on your very vibrant economy while simultaneously focusing on social justice. I'd love you to comment on your government's specific strategy that was most successful incentivizing the top 1% for income redistribution. What was the most exciting strategy to create jobs?

**Ambassador Vieira:** Well the strategy of growth in general, the economic strategy, had a lot to do with stability of macroeconomics, fiscal discipline and also social programs. Of course, in foreign affairs, developing and strengthening the South—South operation and specially the trade with our Latin American neighbors and African countries especially. We have a very vibrant trade with Latin America, especially with our—countries and with Africa. The trade with Africa grew a lot and Africa is part of this emerging group of countries which were not that much affected by the 2008 crisis. They continue to grow and we continue to keep a very important trade relation.

The social policies that were implemented by the government helped create a bigger, a larger middle class and especially more important domestic markets. This was maybe the solution for most of the problems created by the 2008 crisis. Most of the exports were replaced by domestic consumption. It's important to notice that Brazil has a very low GDP export ratio, it's less than 10%. Exports counts for less than 10%, in fact it is 9.4% of our GDP. This, of course, is a very comfortable position—a very comfortable situation. Many countries depending more on exports and when you have a crisis of the dimension we have three years ago the problems are huge. I think that the right measures taken by the government to create a larger domestic market, a larger consuming base in Brazil helped a lot maintain and keeping the growth. The President went to the TV and he stimulated people to go out to the stores and buy with responsibility, to buy home appliances, cars and everything. That was during President Lula's government and President Rouseff by that time was the Chief of Staff. He said "well if you don't use your money with responsibility you may lose your job, because if you don't buy, companies won't sell, the industry won't produce and maybe working in the industry you will lose your job." That was a very important message, a very vibrant message, very direct and I think that this especially created a better confidence with relation to the domestic market and economic growth. I think that this gave a kind of protection against the crisis, of course affected Brazil and our growth rate went down a lot to almost 0% or 1%. But the recovery was huge. Last year we have 7.5% which was very good and this year we will be having 4% which is also still very, very good. I would say that this is the main elements of this policy.

**Question:** Yes Ambassador, Deborah Lyons from the Canadian Embassy. Thank you for your wonderful presentation and all of us are very encouraged by the story of Brazil. I think frankly everyone in this room welcomes more people at the global governance table. So, it's encouraging as well to see how the G20 has taken on the issues around the financial crisis and the amount of cooperation and collaboration there. With these power shifts, both economic and political, and with a place at the table, also comes accountability and burden sharing. I think Brazil is a voice that is very credible to many countries around the world as we work through how we shift the global architecture and make sure that more people are at the table. I'd be particularly interested in your views and you mentioned some of this earlier when you spoke about the G20, when you spoke about changes to the United Nations. But, I'd be particularly interested on your views on the G8 as to whether or not you think it should continue. Also, on the Organization of American States and the role it is playing or it is not playing on ensuring a secure and prosperous South America.

**Ambassador Vieira:** Well, the G8 is a very important group. What happens is that in a way it was replaced by the G20 because at the moment of the crisis, when the first G20 Summit took place, the broader base of countries present at the G20, they were in a more comfortable way to propose



solutions and discuss the problems. The crisis, as I mentioned, was not originating in the developing or even poorer countries, it was originating in the rich countries. The solution was very difficult to be taken by only eight countries. So, that is why it was necessary [for a] broader base of discussion. It was, we can say with a lot of confidence, with a lot of precision that it was the initiative of the United States that allowed the first G20 summit to take place here and it was a very important turning point. The future of the G8 will depend on the G8 of course and the way they face the world. This is also a problem of, what I mentioned at the beginning of my presentation, it's the new reality. Of course it's important. It's a group of [the] most developed and most important and richest nations, but they are no longer alone. Maybe 20 or 30 years ago the G8 would count for 80% maybe of the world's GDP, it's no longer the case. So, the G8 will have to work on issues and proposals that are very important and fundamental to the countries that take part in this group. I think for the world governance, you need of course, a larger base of discussion.

The OAS, well Brazil is a founding member of the OAS. I think the OAS is doing a great job. The OAS is working and has been working for a long time. It is one of the oldest international organizations in developing the region as a place, a venue for building political consensus and discussing important issues. I think the OAS had a very, very important role in a number of different crises in the region to help solve. I will just mention one—the coup d'etat in Honduras about three years ago, the OAS was fundamental, instrumental in solving the situation which took a long time to be solved. But, the OAS was a very important place for it.

**Question:** My name is Dorothee Berendes, of DB Media. You mentioned before the ethanol production for jet fuels. Could you please update us with the energy market and energy policy in Brazil. I have two questions. First, how do you see the future in market shares of renewable energies on one hand and fossil fuels on the other hand? Second, what can you advise, what's your best advice for American investors for who are interested in these industries?

**Ambassador Dobriansky:** I hope everybody heard it. I am going to let you answer it. It was a little difficult. It is basically about renewable energies and specifically to ask the Ambassador, if I heard on the second part, the actual investments, what advice you would render.

**Ambassador Vieira:** I wouldn't risk any advice. I am not an energy consultant but it's very risky to give any kind of advice in this area. Fossil energy will always be very important and it's oil is very close and associated with power, you just have to look at the history and see. In Brazil we have a very clean matrix, 80% of the Brazilian electric production comes from hydropower. We have a very important—we have 86% of total power energy matrix in renewable energy. We have a lot of solar, wind energy. But, we also have now huge reserves of oil which were discovered on shore and off shore. Now, more recently the pre-salt layer, which are located some 6000 meters below the seabed. They are huge and very important. The projected reserves of this area come to 45 billion barrels of oil, so, its huge. Brazil is now exporting and I must tell you that 20% of our exports to the US is of crude oil. Which is very important and very new because in the 50s Brazil had no oil at all, we imported totally every single drop of oil was imported. As I said, the state has had a very important participation in the economy and it is a state company, Petrobras, which is the state oil company which was created then by the President who created this company. He was very much criticized, because he was throwing money down the drain because there was no oil in Brazil and it was absurd to invest money in prospection. The result today [is] totally different. Not only are we self-sufficient but we are also exporting it to other countries. Of course, we want to continue to export, to extract, to add value and to export. So, for Brazil we are in a very comfortable position because we have a huge potential to still be developed in hydroelectric energy and we have also huge oil reserves as I mentioned. So, as I mentioned we are very comfortable with our matrix, we are working very hard to protect the environment but we will also produce oil it will be very important. I don't even think the youngest in this room will see the end of oil as important fuel in the world.

**Ambassador Dobriansky:** Yes, and we have another question here and I think this will be our last question. Will you introduce yourself?

**Question:** Betty Dukert, a year ago this summer we visited Brazil. We heard a number of the local people complaining about the damage being done to the environment by the Chinese when they extracted iron ore from the mountains in that area. Is this something that the government keeps track of?

**Ambassador Vieira:** In Brazil it is not extracted by China or by Chinese. It is extracted by the large private company known as Vale. It's maybe the first or second largest mining company in Brazil. Brazil has huge deposits and we've been extracting iron ore for many, many years now. All the necessary precautions have been taken and are taken. This is not in the Amazon forest. It is very far from the region, this is in the central region of Brazil. It meant a lot of development for Brazil, a lot of exports. The automobile industry, Brazilians have the sixth largest automobile industry in the world. It came to Brazil during and immediately after the Second World War because we had a large consuming market and also because we had large reserves. Brazil today is very important exporter of automobiles. But, I personally never heard any major concerns about the exploitation of iron ore in Brazil, especially because this company was also a state company—it was sold, it was privatized in by the end of 1998, if I'm not mistaken, it was some 12 or 15 years ago. The state sold and it was the only owner of this company. This company is very active all over the world. In Argentina they just bought—had a huge concession of a huge potash reserves and they are all over the world. I personally have never heard any major concern about the extraction in Brazil and they pay a lot of attention to the preservation of the environment and of course they have to do the same to be active in other countries.

**Ambassador Dobriansky:** Ambassador, before we close, and Pat won't mind I have a 30 second question, I couldn't help but ask you this. When you said the first head of state visit from Brazil was to Utah, do you have a sister city program with Utah? [*Laughter.*]

**Ambassador Vieira:** No, we don't. That's very funny. I never knew the head of state went to Utah. But, I myself went to Utah when I was invited. They were very proud, they told me they have records in their history of the Emperor. He traveled all the way to the West Coast and had to stop overnight in Utah to wait for the next train. [*Laughter.*]

**Ambassador Dobriansky:** But do you still have a sister city program with Utah then?

**Ambassador Vieira:** No, we don't. We should have, with a number of different cities, but we should have one with Utah too. It's a very nice place, I've been there.

**Ambassador Dobriansky:** Anyhow, Ambassador thank you, it's been a very wonderful evening and really we've enjoyed it very much. Thank you for opening up your house and taking the time to really explain so beautifully about Brazil, its direction today and its relationship with the US. Thank you so much. Please join me in thanking him. [*Applause.*]

**Ambassador Vieira:** Thank you all for coming. It was a great pleasure having this large and interesting audience at the Embassy of Brazil. I hope you'll come in the future again. [*Applause.*]