

British Monarchy Launches Trade War Against Brazil

by Silvia Palacios

The Canadian government launched a violent campaign of trade war against Brazil in early February, when it unexpectedly announced that it was prohibiting the import of Brazilian meat, supposedly as a “preventive” measure against bovine spongiform encephalopathy (BSE), otherwise known as “Mad Cow” disease. This was carried out despite the fact that Brazil had not a single instance of BSE, and is considered to have one of the safest cattle herds in the world. The United States and Mexico, Canada’s partners in the North American Free Trade Agreement (NAFTA), immediately joined the Canadian action.

Three weeks later, Canada was forced to drop the embargo, given the overwhelming scientific evidence against it, and in the face of threats by the Fernando Henrique Cardoso government in Brazil that it would initiate trade retaliation.

Prior to this surprise move, Canada had lodged a formal complaint at the World Trade Organization (WTO), accusing Brazil of illegally subsidizing its Embraer aircraft firm, which competes with Canada’s Bombardier company. Brazil is filing a counter-suit at the WTO, based on the fact that three Canadian government programs also subsidize Bombardier production.

Both of these cases are evidence that the Anglo-American power, enthroned in the government of President George W. Bush, will employ any and all means at its disposal to subject Brazil to a new intensified phase of insane globalism, including the imposition of a Free Trade Agreement of the Americas (FTAA) as its primary diplomatic initiative toward Ibero-America, an initiative whose failure or success could determine Brazil’s future as either a sovereign nation-state or a colony of the Crown.

Canada, a member of the British Commonwealth, and whose head of state is Queen Elizabeth II, plays a central role in the Anglo-American power structure, and in these first skirmishes has played a “hard cop” role against Brazil. What is going on is an attempt to shatter the opposition that exists within the Brazilian governing elites, to continuing the so-called “economic opening.”

Canadian Prime Minister Jean Chrétien’s unexpectedly heavy hand, jolted all of Brazil. The Cardoso government

responded in polarized fashion. On the one side, Finance Minister Pedro Malán, Central Bank President Arminio Fraga (a George Soros creature), and Foreign Affairs Minister Celso Lafer attempted to put out the fire by insisting that this was an easily resolved trade “controversy.” This group’s desperation was so great that Lafer imposed a gag rule on Brazilian diplomats. From that point on, no public statements on Brazilian foreign policy were permitted, without the express authorization of the Cabinet. The memo stated that any views differing from those of the top echelon of the Foreign Ministry, Itamaraty, would be censured. “Statements (articles in the press, interviews, texts for specialized publications, etc.) must, as a general rule, be limited to those situations where there is an institutional interest in the public presentation of principles or positions of Brazilian diplomacy,” the memo stated.

Defend National Interests

On the other side, a more generalized reaction was that drastic actions in defense of the national interest had to be taken immediately. This was the view, for example, of Agriculture Minister Marcus Vinicius Pradini de Moraes, who said that, with this “Mad Cow” episode with Canada, “the FTAA is finished.” Businessmen, cattlemen, merchants, unionists, congressmen, and, as the magazine *Istoe* ironically reported, “even President Fernando Henrique Cardoso, closed ranks against Canada.” One indication of this nationalist ferment was a column in the Feb. 16 newspaper *Folha de São Paulo* by former President José Sarney. “The WTO was created to ensure those privileges, authorize the use of unjust truculence, without let-up. Brazil must explain this to its population with a firm voice. The episode is a foretaste of what FTAA will be. We should say that with these suspicious rules, we will not join. Does anyone think that the pressure to push up the date of the FTAA’s implementation is designed to benefit Brazil? Is anyone so foolish as to think that the Canadian commission which will come here and eat filet, is scientific, and that it came to examine our cattle herd? It’s all a charade to cover up the absurdity and the bad faith seen in this whole episode. We should not receive the delegation.”

In such a heated environment, any error in calculation on the part of the financial oligarchy could rebound. As can be seen with Canada’s trade warfare measure, the resistance that had already existed in Brazil against any policy that meant sacrificing the nation’s sovereign development, is now more consolidated than ever, especially in areas where the country has achieved international importance, as in the case of aerospace, and in food production, specifically meat. Brazil has the third-largest commercial cattle herd in the world, and the largest one that is free of hoof and mouth disease.

Radical Changes Demanded

Operating under the perception that national interests will be adversely affected by unjust rules of international trade, Brazil put forth the idea last year at the Ibero-American Presi-

dential summit held in Brasilia, of creating a South American bloc, to help accelerate the physical integration of the continent. In an interview with *Folha de São Paulo* on Dec. 31, then Foreign Affairs Minister Luis Felipe Lampreia stated, in assessing his term in office: "We sought to give due value to South America and our space. Ten years ago, we lived without taking notice of each other. In convoking the Presidential conference, Brazil emphasized a decade of rapprochement, and managed to galvanize actions that will lead to greater integration. Brazil is preparing to assume greater responsibilities."

At the same time, the reality of the disaster of globalization has strengthened a group within the Brazilian diplomatic corps that is demanding more radical actions. For example, in the aftermath of the episode with Canada, UN Conference on Trade and Development (UNCTAD) Secretary General and former minister Rubens Ricupero, a persistent critic of globalization, told the newspaper *Gazeta Mercantil*: "FTAA negotiations are intended to tighten still further" the WTO regulations, which are the basis for regional agreements. "What we are seeing now is going to be multiplied ten- or twentyfold."

Another exemplary case of the current which advocates a return to the principles of an independent foreign policy, is Ambassador Samuel Pinheiro Guimaraes, director of Itamaraty's Research Institute of International Affairs. Pinheiro Guimaraes was one of the first to publicly protest U.S. State Department dirty tricks, to make Chile its ally in anticipation

of the FTAA. Itamaraty's "gag rule" was specifically directed at this ambassador, whose public position is that Brazil must not enter FTAA.

In an interview with the on-line e-magazine, *Global 21*, in January, Pinheiro Guimaraes presented the FTAA with a categorical "No." "Is it an irreversible process? No!" he said. "In politics and international law, no negotiating process in any forum, region, or organization must be considered irreversible. In the absence of pressure, the states conduct negotiations on the decision of their governments. Should it prove the case that the higher interests of Brazilian society advise not negotiating a free-trade area, one can and should say that Brazil's participation in this process should not occur" (see box).

In the same sense, Itamaraty has undertaken several discreet diplomatic actions with various regions of the world which symbolize its era of independent policy, especially nations of Southeast Asia and the Middle East. In late January, for example, President Cardoso undertook a state visit to South Korea, East Timor, and Indonesia. The government has also already announced that it will establish diplomatic relations with North Korea.

In early December 2000, for the first time in 15 years, Brazil abstained during a United Nations plenary vote condemning Iran's human rights policy. In October 2000, in a gesture that has not been seen since 1984, Libyan Gen. Mustafa al-Kharoubi was permitted to visit Brazil in search of a trade agreement.

'Escape from the Periphery'

Five Hundred Years of Periphery is the title of a book by Ambassador Samuel Pinheiro Guimaraes, released in 1999 by the Universidad Federal de Rio Grande do Sul publishing house. It is a concise treatment of the unjust mechanisms of world power that have blocked countries like Brazil, dubbed "the great peripheral states," from developing to the levels of the industrial powers. The book is also a strong defense of the sovereign nation-state, of its institutions such as the Armed Forces, and of its aspiration to control and deploy "point technologies."

Among the most striking aspects of the book are the severe criticisms of globalization. Scrutinizing the consequences that the FTAA would bring with it, the author writes: "Brazil will become the greatest and most defenseless peripheral state, . . . as the FTAA and pact with the European Union would drastically reduce its legal opportunities to use the mechanisms of industrial, technological,

and trade policy to accelerate the internal accumulation of capital, so necessary to increasing the productivity of production and of the income of its growing population." Among the disastrous consequences of FTAA, the author foresees "dollarization."

In the appendix, the author reveals that two events proved crucial in helping Brazil to reflect on the change in direction it needs to undertake, if it is to consummate its aspirations as a nation. One was the exchange crisis of its currency, the real, in January 1999; the second was the United States' first attack on Yugoslavia in March 1999.

On the non-governmental organizations, he writes, "The fact is that the state was and will continue to be the primary actor in the international system. Non-governmental organizations have no legitimacy, nor representation, nor power to exercise the typical functions of the state: legislate, execute, annul, and punish. Nor do the multinational corporations possess such attributes, either in isolation or as a group." So-called sustainable development is best catalogued as a new construct, argues the author, which generates "an anti-industrial prejudice among the peripheral states." —*Silvia Palacios*