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# Policy Brief

## Solidarity Among Brothers? Brazil in Africa: trade, investment and cooperation



BRICS Policy Center Centro de Estudos e Pesquisas - BRICS



SSC  
South-South Cooperation



Solidarity Among Brothers?  
Brazil in Africa: trade,  
investment and cooperation

# Policy Brief

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## Executive Summary

South-South cooperation (SSC) emerged as a key Brazilian foreign policy instrument in the beginning of Lula's presidency in 2003 and has generally been sustained by the government of President Dilma Rousseff. From the beginning, Brazil has emphasized SSC in Africa despite not having articulated an explicit foreign policy towards the region. The reconfiguration of Brazil's international relations, shifting towards an emphasis on the African continent over the past decade has manifested itself in increased trade and a growing presence of Brazilian businesses on the continent, both of which have occurred alongside development cooperation. While development cooperation has been highlighted as a 'horizontal' approach based on 'solidarity', the economic interaction between Brazil and its African partners appears to be based on other motivations and practices. This Policy Brief discusses the different strands of Brazilian intervention in Africa, noting some specific challenges and contradictions, and highlighting the necessity of opening a debate regarding the reform of the institutional and regulatory framework guiding such intervention, in order to guarantee better coherence and efficacy of Brazilian foreign policy in the region.



## Sumário Executivo

A Cooperação Sul-Sul (CSS) vem gradualmente ascendendo na agenda internacional brasileira. Entendida como cooperação entre países em desenvolvimento, recebeu impulso a partir da administração Lula, evidenciado no grande número de acordos assinados entre o Brasil e países africanos e consequente aumento do número de projetos de cooperação técnica implementados. Conquanto não haja uma “estratégia para a África”, uma ênfase no continente africano parece se delinear, refletindo tanto discussões sobre desenvolvimento em foros internacionais como dinâmicas comerciais e diplomáticas de outros países emergentes como China e Índia. A reconfiguração das relações internacionais brasileiras em direção à África manifesta-se no grande número de embaixadas abertas, atuação empresarial, investimento direto externo, comércio e cooperação internacional para o desenvolvimento no continente africano. Neste Policy Brief, buscaremos desenhar um quadro da cooperação Sul-Sul do Brasil na África no período recente, destacando a dimensão técnica e a econômica dessa cooperação.

# Solidarity Among Brothers? Brazil in Africa: trade, investment and cooperation

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## Introduction: The acceleration of the Brazilian insertion in Africa

Due to its historic ties and shared colonial past, Brazil has traditionally maintained a strong relationship with Africa, principally the Portuguese-speaking countries in the region. With the advent of African decolonization following the Second World War, relations between Brazil and African countries have grown more intense and more relevant. This dynamic formally began after 1974 with the fall of Portugal's colonial regime. In 2003 during the beginning of the Lula government, an increase in interaction between Brazil and Africa was not only promoted by the incumbent president and his "presidential diplomacy", but also evident in the expanded volume of trade, political dialogue, and cooperation between the two parties.

The Brazilian presence on the continent (whether through businesses, government bodies, or public-private partnerships) developed with the goal of promoting major social and economic development in African countries through the exchange of successful experiences, increased trade and cultural initiatives, increased diplomacy, and the export of technical knowledge in areas such as agriculture and health. At the same time, the growing relationship between Brazil and Africa was guided by the former's desire to increase its international presence, a theme characteristic of Brazil's diplomacy during the period<sup>1</sup>. The personal engagement of the president and his emphasis on South-South cooperation as a form of horizontal cooperation gave origin to what has been termed the "diplomacy of solidarity"<sup>2</sup> in the foreign policy of Brazil – with a specific focus on African countries.

Since the beginning of her term in 2011, the current president Dilma Rousseff has not demonstrated the same personal engagement in Brazil's relations with Africa as former president Lula. After her first visit to the region in October of 2011 (visiting South Africa, Mozambique, and Angola), President Dilma did not return to the continent for more than a year, when in February of 2013 she travelled to the South America-Africa summit in Equatorial Guinea (she also visited Nigeria). In March, she was at the BRICS Summit in Durban, South Africa, and in May she traveled to Ethiopia to participate in the ceremony celebrating the 50th year anniversary of the African Union. Although these trips may be interpreted as a significant increase in the president's attention to Africa, there remains a noticeable pragmatism in the president's treatment of the African continent relative to her predecessor. While

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1 Saraiva, J. F. S. (2010) The new Africa and Brazil in the Lula era: the rebirth of Brazilian Atlantic Policy. *Revista Brasileira de Política Internacional*, v. 53, n. spe, p. 169-182.

2 Inoue, C. Y. A. e A. C. Vaz (2012): Brazil as 'Southern donor': beyond hierarchy and national interests in development cooperation? *Cambridge Review of International Affairs*, 25 (4), pp. 507–534.

this may be attributed to Dilma's personal preferences, which emphasize domestic politics, it is also true that promises made by Lula to his African partners represent a significant challenge relative to resources currently available for cooperation. Nonetheless, Dilma maintains the same discourse of South-South cooperation established by the Lula government, highlighting the importance of Africa as an equal partner of Brazilian foreign policy:

Brazil sees the African continent as a brother and close neighbor (...) Our mutual interests are many: we seek development, which requires the promotion of inclusion of our population to the benefits and riches of our countries.<sup>3</sup>

Simultaneously, however, President Dilma has continued to encourage Brazilian businesses to increase their presence in Africa. During the same visit to Ethiopia, the president also announced debt forgiveness of US\$ 897.7 million for 12 African countries<sup>4</sup>. Although this debt forgiveness was titled as an act of solidarity, it has been criticized for its trade and investment related motivations. Brazil's National Bank for Social and Economic Development (BNDES), it was noted, can only support corporate action in countries that do not have debts with the Brazilian government.

## 1. The growth of trade between Brazil and Africa

As a consequence of Brazil's foreign policy emphasis on Africa, trade between Brazil and the African continent grew consistently over the past decade. According to the think tank Chatham House, the volume of trade grew from US\$ 4.2 billion in 2001 to US\$ 27.6 billion in 2011, with a rate of growth of 16% per year since 1990<sup>5</sup>. This growth led Brazil to become the third largest trading partner among the BRICS, after China (with a volume of US\$ 107 billion) and India (US\$ 32 billion) and ahead of Russia (with only US\$ 3.5 billion)<sup>6</sup>.

In Africa, the most important partner countries are Nigeria (with 32% of the volume of trade in 2009), Angola (16%), Algeria (12%), and South Africa (7%)<sup>7</sup>. In terms of the total volume of trade, however, Africa continues to be an average partner for Brazil. Exports to the region varied between 4% and 5.7% of total Brazilian exports in the past decade and imports between 5.7% and 9.8% of the total<sup>8</sup>. More than half of total exports from Brazil to Africa are manufactured products. The primary products exported are sugars and confectionery (26.4% in 2008/10) and meats (12.2%), although exports of capital goods (machines and equipment, buses, trucks and light commercial vehicles) have also seen a significant increase over the past decade. Imports to Brazil from Africa are largely composed of primary commodities, of which the largest share (85.4% of total imports in 2008/10) is composed of mineral fuels.

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3 <http://noticias.band.uol.com.br/mundo/noticia/?id=100000601265&t=>

4 Congo, Tanzania, Zambia, Senegal, Ivory Coast, Democratic Republic of Congo, Gabon, Guinea, Mauritania, Sudan, São Tomé e Príncipe and Guinea-Bissau. With Angola and Moçambique, two of the most important partners for Brazil in the region, separate agreements were signed: forgiveness of US\$ 315 million in debt for the Angolan government, and of US\$ 330 million for Mozambique.

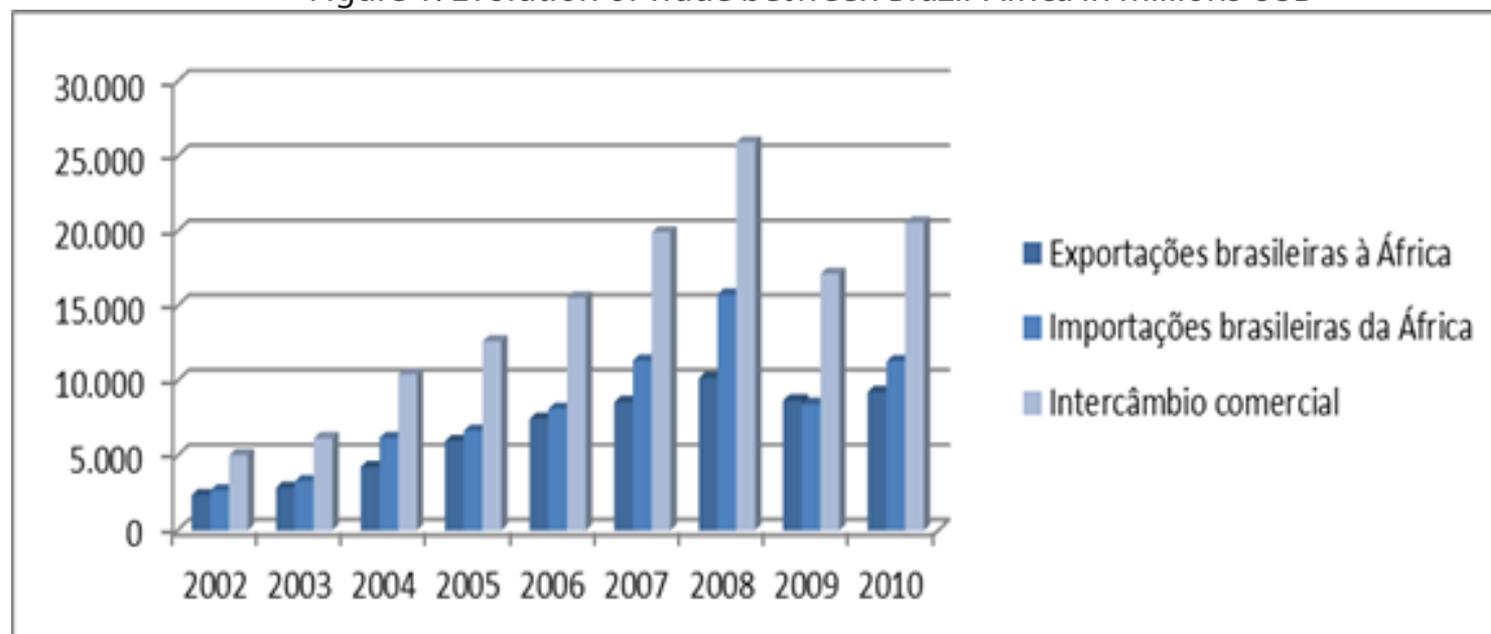
5 Stolte, C. (2012): Brazil in Africa: Just Another BRICS Country Seeking Resources? Briefing Paper.

6 Barka, H. B. (2011): Brazil's Economic Engagement with Africa. Africa Economic Brief No.5. Tunis: African Development Bank.

7 Barka (2011): Brazil's Economic Engagement with Africa.

8 MRE (2012): Comércio Brasil - África.

Figure 1: Evolution of Trade between Brazil-Africa in millions USD

Source: MRE (2012)<sup>9</sup>

This data demonstrates the disequilibrium that exists in the commercial agenda between the two parties and, at the same time, how Brazil has continually increased its relevance as an economic actor in Africa over the past decade, thereby increasing its economic influence in the region.

## 2. Brazilian businesses in Africa

An important part of the changes in the economic relations between Brazil and Africa, particularly since 2003, is related to the internationalization of Brazilian businesses. Although the presence of the Brazilian private sector in Africa has existed since the 1980s, the second phase of insertion of major corporations on the continent over the past decade stemmed largely from the growth of African economies and the relationship between demand for both raw materials and the infrastructure necessary for their extraction<sup>10</sup>. Generally, there are two types of Brazilian companies in Africa: the first includes some of the largest corporations of the Brazilian economy, and the second small and medium enterprises (SMEs) who have gone to Africa more recently<sup>11</sup>.

The large corporations (Petrobras, Andrade Gutierrez, Vale do Rio Doce, Camargo Correa, and Odebrecht) are the dominant actors of Brazilian investment in Africa. Smaller investments aimed at African consumer markets, however, are incipient and involve SMEs like Marcopolo (Egypt and South Africa), Boticário and Nobel (both in Angola). In total, Brazilian companies operate in 22 African countries.

There does not appear to be a strategy of clear localization when comparing commercial flows and investment: cases in which high investment is coupled with low trade exist alongside others with reasonable trade volumes but without the presence of Brazilian businesses. There is a clear concentration of investment in Southern Africa, where three countries are highlighted as the primary destination of Brazilian companies: South Africa, Angola, and Mozambique. In terms of the public's perception of Brazilian

<sup>9</sup> MRE (2012) Comércio Brasil – África. Brasília: Ministério das Relações Exteriores. Disponível em: <http://www.brasil-globalnet.gov.br/ARQUIVOS/IndicadoresEconomicos/ComExtBrasilAfrica.pdf>.

<sup>10</sup> Iglesias e Costa (2011).

<sup>11</sup> Banco Mundial/IPEA (2011) Ponte sobre o Atlântico. Brasil e África Subsaariana: Parceria Sul-Sul para o Crescimento. Washington: World Bank. A Agência Brasileira de Exportação (APEX) tem contribuído para este desenvolvimento recente promovendo ferias de negócios, por exemplo.

companies, there is recognition that they tend to use local labor, such as with Odebrecht, the largest employer in Angola<sup>12</sup>. Despite this, there are criticisms of differential treatment, for example regarding wages of Brazilian and African laborers of the same level. Another major critique is the lack of transparency in the manner by which relations between African governments and Brazilian companies are articulated. In the case of Vale's 'mega-project' of coal extraction in Mozambique, the company has been the target of harsh criticism and protest, specifically regarding the relocation of several communities previously living close to the mining areas<sup>13</sup>.

Brazilian businesses in the region are supported by their own direct investment (totaling US\$ 10 billion in 2009) as well as with assistance from major financial institutions that have focused on large, international corporations. In 2008, the Política de Desenvolvimento Produtivo (Productive Development Policy) was implemented by the federal government and then substituted by the Plano Brasil Maior (Bigger Brazil Plan) in 2011, both with the objective of increasing the international competitiveness of Brazilian industry<sup>14</sup>. These policies provided a target warranting a greater international role of BNDES. As a result, BNDES established a new directorate for Latin America and Africa that year, and sought to open a new office in Johannesburg, South Africa to administer its growing presence on the continent<sup>15</sup>. The Bank has provided substantial lines of credit to Brazilian businesses in Africa since 2007. For example, Angola, the largest recipient of Brazilian investment on the continent, received a line of credit of US\$ 5 billion. In addition to BNDES, other Brazilian financial institutions that are active in Africa include Caixa Econômica Federal, Banco do Brasil, and Bradesco.

The financial support and growing emphasis of these institutions on Africa serve as critical factors in the significant growth of economic relations between Brazil and Africa. The presence of large public financing projects demonstrates that Brazilian foreign policy actively supports the expansion of Brazilian businesses on the African continent and reflects the major interests of Brazil in the region, shown by the focus on financing large corporations that act in the areas of infrastructure, natural resource extraction, and energy.

### 3. Brazilian cooperation for the development of Africa

Undeniably, over the past few years, South-South cooperation, a product of transformations in Brazilian foreign policy, has surged as never seen before in Brazil<sup>16</sup>. Recognizing the capability of spurring international development, emerging countries articulated a discourse distinct from traditional (North-South) cooperation. In this context, the model of technical cooperation articulated by Brazil claimed to be demand-driven or oriented by the demands of the recipient countries, given the absence of conditionalities, its horizontal approach, and the non-intervention in domestic affairs.

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12 Banco Mundial/IPEA (2011).

13 <http://www.bbc.co.uk/news/world-africa-22646243> e <http://www1.folha.uol.com.br/mundo/2013/04/1266520-megaprojeto-da-vale-e-alvo-de-protestos-em-mocambique.shtml>.

14 The Política de Desenvolvimento Produtivo (PDP) was established in 2008 with the aim of promoting and maintaining the cycle of domestic economic expansion, even during the global financial crisis, and provided the guidelines and the structure of the international intervention of BNDES, for example by creating practical means for strengthening commercial relations and direct investment flows from Brazil to Africa.

15 <http://brazilafrika.com/negocios/bndes-tera-escritorio-na-africa/>

16 See also another Policy Brief recently published by the BRICS Policy Center: O Brasil e a Cooperação Sul-Sul: Como Responder aos Desafios Correntes, Maio de 2013. Disponível em: <http://bricspolicycenter.org/homolog/Job/Interna/5992>.

Africa and Latin America have been the regions marked by the most noticeable growth in the portfolio of Brazilian cooperation, both in terms of the number of projects and of their financial volume. The focus of Brazilian technical cooperation has been in the lusophone countries (Mozambique, São Tomé and Príncipe, Angola, and Cape Verde). Brazil has emphasized cultural proximity and shared colonial history as important factors for the realization of cooperation with such partners. Mozambique, with 14 undergoing projects, is one of the principal recipients of Brazilian cooperation, followed by São Tomé e Príncipe and Cape Verde (with 12 and 11 projects respectively)<sup>17</sup>. In addition to Portuguese-speaking countries, other beneficiaries of Brazilian cooperation are Algeria, Benin, Botswana, and Tanzania. Brazilian technical cooperation has demonstrated substantial diversity. The African continent has witnessed the most emphasis on health (22%), agriculture (19%), and education (14%), but has also seen cooperation over matters related to the environment, public administration, cities, social development, defense, sport, culture, and others<sup>18</sup>.

As demonstrated in Figure 2, the financial resources available for projects in Africa grew significantly between 2003 and 2010, but have also decreased dramatically in the past years due to the recent policy of budget cuts in Brazil. According to the current director of the Brazilian Cooperation Agency (ABC), Ambassador Fernando de Abreu, the budget of the agency has allocated US\$ 36 million for activities in Africa in 2012-2015<sup>19</sup>.

## Health

With regard to health, Brazilian cooperation with Africa has occurred largely through professional education and training, specifically through the sending of Brazilian health professionals, structural assistance and institutional capacity building, transfer of Brazilian experiences with public policy in health, and donation of medicines and supplies. The primary emphasis of cooperation projects with African countries is related to HIV/AIDS. One example of an ongoing project is capacity building for anti-retroviral drug production, through which ABC and the Oswaldo Cruz Foundation (FIOCRUZ) have worked together to establish a pharmaceutical factory in Mozambique—where 1 in 10 are infected with the virus—with the goal of strengthening the capacity of local professionals to participate in factory operations in the fight against the epidemic. Further, with the objective of establishing a clinical, epidemiologic, laboratorial, and health diagnostic research center, FIOCRUZ has established a Masters Program in Public Health in Mozambique and Angola, beginning in 2009. African students, with resources from CAPES, a federal institution supporting higher education in Brazil, travel to Brazil to complete their Masters studies at FIOCRUZ.

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17 Fernando de Abreu, Diretor da Agência Brasileira de Cooperação (ABC), Apresentação no BRICS Policy Center, 28 de junho de 2013. <http://bricspolicycenter.org/homolog/Event/Evento/596>.

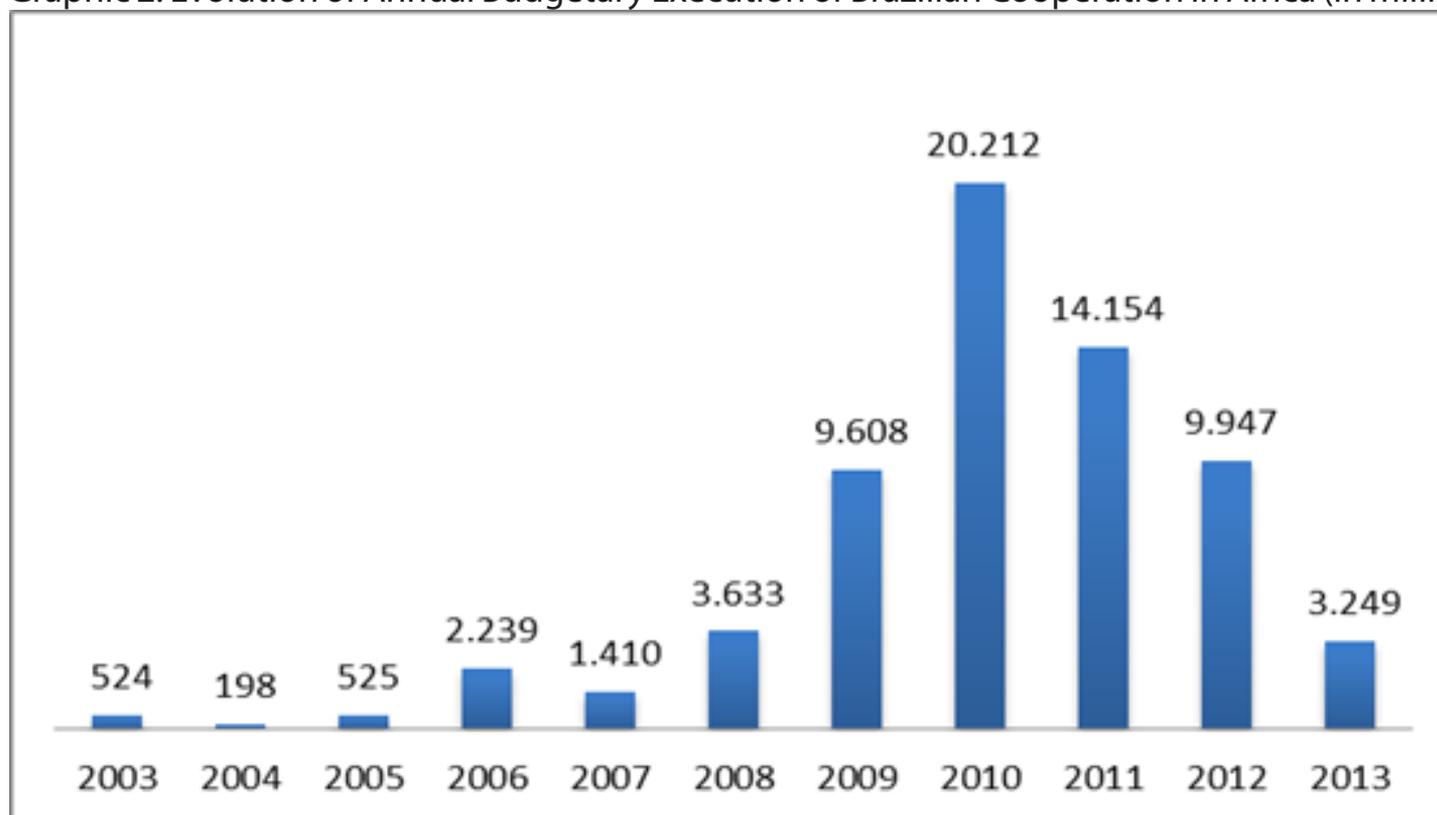
18 IPEA (2013) *Cooperação Brasileira para o Desenvolvimento Internacional - 2010*. Brasília: IPEA. Disponível em: [http://www.ipea.gov.br/portal/images/stories/PDFs/livros/livros/livro\\_cooperacao\\_brasileira02.pdf](http://www.ipea.gov.br/portal/images/stories/PDFs/livros/livros/livro_cooperacao_brasileira02.pdf).

19 Abreu, Apresentação no BRICS Policy Center, 28 de junho de 2013. Disponível em: <http://bricspolicycenter.org/homolog/arquivos/e.pdf>

## Agriculture

Given the expertise of EMBRAPA, a state-owned research organization affiliated with the Ministry of Agriculture, tropical agriculture has become a primary area of cooperation with Africa over the past few decades. In 2010, the organization had a presence in 11 African countries, conducting 12 projects and 1 isolated activity. ProSavana is the largest, current cooperation project of the ABC. Through trilateral or triangular cooperation with Japan and Mozambique, the project seeks to improve seed cultivation in the Nacala corridor, which largely consists of Mozambican tropical savanna, basing its efforts on the development of the Brazilian cerrado. Another example is the Cotton-4 program. Encompassing four African countries – Benin, Burkina Faso, Chad, and Mali – the project began 2009 and has received great international attention. With the goal of increasing productivity, genetic diversity, and improved quality of the cotton sector, critical to the economy of these countries, EMBRAPA aims to strengthen and develop the production capabilities and economies of the Cotton-4.

Graphic 2: Evolution of Annual Budgetary Execution of Brazilian Cooperation in Africa (in millions of USD)



Source: Presentation to the Ambassador F. Abreu at the BRICS Policy Center, June 28, 2013.

Despite its emphasis on a horizontal approach and on solidarity, Brazilian technical cooperation with African countries is not free of criticism. One of the common critiques of ProSavana, the largest Brazilian cooperation project in Africa, is that it has reproduced the Brazilian experience of agricultural development in the Mozambican savannah, and as such has exported to the country a large-scale agriculture industry of soy and corn that brings environmental degradation and extinction of local communities<sup>20</sup>. Nonetheless, ABC argues that the establishment of priorities in the agriculture sector is a responsibility of the government's domestic policy and of the interplay of forces between civil society and the state of Mozambique, and that such priorities should not have Brazilian or Japanese intervention – the partner countries of Mozambique in this project.

<sup>20</sup> Pronunciamento da UNAC sobre o Programa ProSavana. União Nacional dos Camponeses, 11 outubro 2012. Disponível em: <http://www.unac.org.mz/index.php/documentos-de-posicao/38-pronunciamento-da-unac-sobre-o-programa-prosavana>

Therefore, it remains important that Brazilian cooperation does not fall into the trap of ignoring tensions with local actors and develops the capacity to adapt to different social and political contexts in order to promote effective cooperation and sustainable projects. As recent comments highlight<sup>21</sup>, a “technical” approach to the challenges faced by developing countries, joined with a lack of experience acting in international contexts among Brazilian professionals, represents generally limiting factors for Brazilian cooperation.

## 4. The future of Brazil-Africa relations?

Both development cooperation and the promotion of trade and investment of Brazilian companies in Africa continue on the path initially outlined by the Lula government. Although President Dilma Rouseff has continued such dynamic, the enthusiastic and personal approach of the previous government has been substituted by a policy that is more pragmatic and sometimes contradictory.

The Brazilian government continues to promote technical cooperation as part of its broader international strategy to position itself as a global actor that belongs to the South and maintains intense solidarity with developing countries. At the same time, however, the Brazilian Cooperation Agency (ABC), like other public bodies, has experienced a drastic budget reduction.

On the other hand, the expansion of Brazilian companies in Africa continues to be supported by the government through BNDES and brings concrete benefits in terms of trade and access to natural resources. The necessity to more clearly define the role that Brazil plays in Africa, and the relationship between cooperation, trade, and investment has become more acute in the past months, particularly through debates regarding the possible institutional restructuring of the ABC.

During her last trip to Ethiopia, the president announced the creation of a new agency that would not be part of the Ministry of Foreign Relations. According to the president, the new agency would be “a trade agency, encouraging cooperation and investment in Latin America and Africa” but without clear specification of how such agency would contribute to the objectives of Brazilian foreign policy or of its institutional structure. Although the president alluded to an independent agency, the director of the ABC defended its continuation within Itamaraty, the Ministry of Foreign Relations. He also indicated that there is a team studying models of agencies of other countries to establish an adequate regulatory framework that would provide greater independence and technical capacity to the agency.

Independent of the institutional reforms currently being discussed, the greatest challenge for the future of Brazilian engagement with Africa will be the reconciliation of objectives and practices of development cooperation and economic cooperation (trade and investment), and the promotion of an approach that considers the priorities and necessities of the African countries in which Brazil intervenes. As discussed above, both technical cooperation and the actions of Brazilian companies, despite being apparently well-received by African countries, have been the target of criticism – primarily from civil society, as the cases of ProSavana and of Vale in Mozambique demonstrate. A first step in the right direction could be the definition of a regulatory framework for international cooperation – which could include the creation of a new agency – and the establishment of a specific strategy regarding Brazilian intervention in Africa in its various forms.

21 Leite, I. et al. (2013): Para além do tecnicismo: a Cooperação Brasileira para o Desenvolvimento Internacional e caminhos para sua efetividade e democratização. Policy Brief. São Paulo: Articulação Sul. Disponível em: [http://blogbrasilnomundo.files.wordpress.com/2013/08/policy\\_briefing\\_para-alec2b4m-do-tecnicismo.pdf](http://blogbrasilnomundo.files.wordpress.com/2013/08/policy_briefing_para-alec2b4m-do-tecnicismo.pdf). Cabral, L. et al. (2013): Brazil-Africa Agricultural Cooperation Encounters: Drivers, Narratives and Imaginaries of Africa and Development. IDS Bulletin, 44 (4), pp. 53–68.



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