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**Washington turns a blind eye to Brazil**

By Sebastian Edwards

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The election of Luiz Inácio Lula da Silva as Brazil's president has given Washington a unique opportunity to engage seriously with the biggest country in South America. Improved relations with Brazil - including genuine progress towards a free trade agreement - would dramatically change the political and diplomatic landscape of Latin America. Indeed, after a US-Brazil trade accord, the rest of the region would follow swiftly and the Free Trade Area of the Americas - until now an elusive goal - would rapidly become a reality.

But not everything is about trade. If Brazil were to become a close ally, it would be much easier for the US to tackle other tricky Latin American issues, including increasing political instability in Venezuela and implementation of an effective anti-narcotics policy for the region. It would also be easier to tackle the increasing use by Islamic terrorists of the triple frontier of Argentina, Brazil and Paraguay as a financial centre.

Unfortunately, the Bush administration has failed to grasp this opportunity. Indeed it has done little to signal any interest in forging closer ties with Brazil. Diplomatic circles were astonished to find out that no senior US cabinet member attended Mr Lula da Silva's inauguration this month and at last week's nomination of Roger Noriega - the little-known ambassador to the ineffective Organisation of American States - as the senior state department official responsible for Latin America. Indeed, the nomination of Mr Noriega - a staunch anti-communist who once served as an aide to former Senator Jesse Helms and who has little expertise beyond central America and Cuba - is a snub to the large Latin American countries. The nomination can be interpreted only as a political move aimed at pleasing the anti-Castro Cuban community in South Florida.

But it is not too late for the US to change course. The administration should recognise its mistake and withdraw Mr Noriega's nomination. It should then nominate a truly senior figure with deep knowledge and understanding of the region and in particular of Brazil. And if the administration is unwilling to do it, Senator Richard Lugar, the highly respected chairman of the Senate's foreign relations committee, should step in and ensure that Mr Noriega is not confirmed to such a critical post.

While not openly anti-American, many Latin Americans - and in particular many Brazilians - have traditionally been suspicious of US goals in the region. Some believe that Washington intends to impose its own policies, without much regard for domestic views; others worry about the implications of US protectionism. These concerns have been exacerbated by recent US protectionist policies on steel and agriculture.

Because of this deep suspicion, Brazilian politicians have traditionally taken a cautious approach towards relations with the US. Indeed, most Brazilian political leaders have feared that voters could interpret overtures towards Washington as a sign of weakness and of catering to American interests. As a result, Brazil's diplomatic relations with the US have historically been cold, awkward and distant.

With Mr Lula da Silva at the helm, however, this difficult relationship could change for the better. With his impeccable left-wing credentials and his past as a trade union

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leader, no one could possibly accuse Mr Lula da Silva of being pro-capitalist or of giving in to pressure from multinational corporations. He is thus uniquely positioned to initiate open, frank and productive negotiations with the US that go beyond the usual rhetoric. This is a chance to make real headway on bilateral and hemispheric issues.

During his first few weeks in office Mr Lula da Silva has given positive signals. Contrary to the fears of many Wall Street analysts, he has appointed a solid economic team. He clearly intends to pursue economic modernisation and his administration will welcome foreign investment. Indeed, after years of seeking the presidency, Mr Lula da Silva is aware that fiscal discipline, low inflation and honouring debt commitments are the prerequisites for sustained growth in any modern economy. He is also aware that without robust growth there is no chance that his social programmes will succeed.

All of this is good news, not only for Brazil but also for Latin America as a whole. The best way to make sure that Mr Lula da Silva keeps his promises is for the US to treat him seriously and to bring him to the table to discuss a free trade agreement that would dismantle protectionist measures in both countries. This, however, would require the White House to appoint a first-rate diplomatic team to deal with Brazil and the rest of Latin America. Mr Noriega simply does not make the cut. As the experience of the North American Free Trade Agreement has shown, enhanced trade is not only good for the economies involved. It also brings closer diplomatic ties and forges support in the world diplomatic arena. And more and better friends are one thing the US needs as the crises in Iraq and North Korea deepen.

*The writer is a professor of international economics at UCLA's Anderson graduate school of management. From 1993 to 1996 he was the World Bank's chief economist for Latin America*

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