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Brazil and the OECD: drawing closer “on the margins”

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A question posed today for Brazil’s foreign policy is whether or not to become a member of the Organization for Economic Cooperation and Development (OECD). Although Brazil is increasingly involved in the organization’s activities, there is little systematized knowledge about the OECD and its activities regarding Brazil. This article aims to present a concise description of the organization, how it works and the status of its rules and regulation, as well as outlining how activities concerning the OECD have been carried out within the structure of the Brazilian government and in the relations of the latter with non-State agents.

The constitutive agreement of the OECD was signed in 1960 by 18 countries of its predecessor, the OEEC. At present the organization has 30 members, who share about US\$37 trillion of the world’s GNP and a population of just over 1 billion people. Five other application processes are underway, in addition to the Enhancing Engagement process for Brazil, India, Indonesia, China and South Africa. The objective of the organization has always been to gather together the world’s leading economies, and its expansion policy is a reflection of this aim.

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However, the OECD aims to preserve, as conditions of homogeneity among its members, a political system based on representative democracy and a market economy system. This defines the basis for the almost natural convergence of interest in the common areas of regulation and the degree of international commitment shown by the members.

The work of the OECD is based on three basic institutional structures, besides the special organs: the Council, the Secretariat and the Committees. While the role of the Council is basically concentrated on its annual meeting, the relation between the thematic Committees and the Secretariat is very active and leads to the “technical diplomacy” work privileged by the OECD. Regardless of whether a country is a member of the OECD, if it is a full member in the activities of a committee it may also commit itself to the decisions and policies set down by the organization. Today, over 70 countries, including Brazil, participate in the OECD activities only through some of its organs and take part in formulating the Organization’s policies.

The first invitation for Brazil to participate in the activities of the OECD was when the Steel Committee was set up in 1978. Brazil, however, decided at that time to keep only informal, albeit regular, contacts with the Committee, joining it as a full member eighteen years later, in 1996. Since then, Brazil’s approximation to the OECD has been gradual. Although slight in the 90s, this approximation has seen a significant increase in this decade. The country has taken part in and joined many committees dealing with areas relevant to its domestic policy.

Brazil’s approximation has in large measure been stimulated by the process of review and expansion of the OECD, such as the program for articulated mutual recognition (1998) and the Heiligendamm Process (2007). Of the total of 223 committees,

working and consulting groups and networks functioning within the OECD, Brazil participates in 12 as a member, in 43 as an observer, and in 4 as an ad hoc observer. This means that Brazil participates in slightly more than 25% of the different organs.

This approximation has occurred in areas where Brazil and the organization coincide the most. The most organized and qualified sectors of the government with a common interest in coordinated action with the OECD, have also taken advantage of the opportunities presented for Brazil to participate. As a result, Brazil currently takes part in many initiatives concerning each of the OECD’s thematic areas, especially those of an economic nature.

It seems clear that there is a political decision on the part of the Brazilian government to tighten its relations with the OECD. The questions that deserve the most attention as regards this approximation are: to what extent, and how, should Brazil draw closer to the OECD, and what are the implications of this approximation for Brazil?

To deal with these questions, work has been carried out directly by the Presidency of the Republic, together with the Ministry of Foreign Affairs – MRE – (concentrated in the General Coordination of Economic Organizations [CORGE] attached to the General Undersecretariat for Economic and Technological Affairs). Since 2000, given the intensification of relations with the OECD, periodical reports are prepared by the Ministry, and in 2005 the Inter-ministerial Working Group on the Participation of Brazil in the OECD (GT-OCDE) was officially created, under the coordination of the General Undersecretariat for Economic and Technological Affairs of the MRE.

Bearing in mind the profile of the work undertaken by the OECD – focused on public policies, especially with regard to State organization and to intensifying

and cooperating in technical knowledge in certain areas – a significant part of the work is undertaken by the technical bureaucracy of the Brazilian State. The dynamic of technical diplomacy valorized by the OECD – which requires specialized knowledge of the topics under negotiation or analysis, especially in respect to internal regulation and functioning – has favored spreading the work carried out together with the OECD among the various branches of the Federal Executive Power, far beyond the sphere of the Ministry of Foreign Affairs.

The areas of approximation between Brazil and the OECD – both in the public and the private sector – are therefore defined by those branches of the government most capable of mobilization and qualified participation and by the internal sectors that are most competitive in the market. Reports reveal that the capacity of the private sector to participate and exert influence also varies according to the training and personal dedication of the responsible party appointed within the branch of the government.

Evaluating the implications of Brazil's eventual entry into the OECD calls for analyzing at least four areas that determine the role of the country in the international scenario and in the organization itself: (i) the political; (ii) the regulatory; (iii) the technical; and (iv) the managerial. This article analyzes in greater detail each one of these aspects, but one relevant point for this evaluation is sure to be Brazil's participation in this process of recognition and approximation to the work of the OECD committees, which also takes into account the participation of the private sector, trade unions and other civil-society organizations.

Brazil enjoys some advantages in relation to other countries applying for entry and even in relation to some that are already in this process. Brazil has been the second most active of the five countries in the BRICS group (Brazil takes part in 55 committees as a member or observer, while South Africa works in 56). Today Brazil has a globalized market economy

– in the process of growing integration – as well as a structure of State bureaucracy and coordination of public policies that is substantially in harmony with that of other member countries of the OECD. Indeed, this has been the perception presented by the Organization in its reports on regulated areas in Brazil (such as, in the recent study on regulatory reform in Brazil, the transportation, energy, telecommunications and social-security sectors).

Counterpoint to this are important challenges to be overcome in this process of approximation. One such challenge is the actual capacity of technical diplomacy to mobilize in coordinated, but above all, effective fashion. Other points worth emphasizing are the areas of regulation that are relevant to the OECD and sensitive to Brazil in taking on international commitments – precisely the case of the environmental sector. Studying the coordination between national regulation and that of the OECD, as well as the implementation of policies in these areas and the respective technical diplomacy, will prove fundamental to any aspiration to greater approximation between Brazil and the OECD.

Given this situation, the tendency in Brazil's relations with the OECD is likely to be one of continuous approximation, with areas of lesser convergence eventually being involved. Nonetheless, it should be considered that the OECD will hardly manage to play a relevant role in the agenda of Brazil's foreign policy in the short run – or specifically in the next two years left of the Lula administration. This does not affect the role that other driving forces can come to play, in particular, the current scenario of the world economy. This favors approximation, whether in the sphere of the OECD itself or within the scope of the informal forums with which the organization has close relations. The dynamic of negotiations in the trade area – and especially today, in the financial area – underscores the importance of the G8+G5 combination, and this is a factor that is bound to reflect in the OECD and its approximation with Brazil.